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AUSTRIA: KEY FOR WAR AND PEACE

By Karl Renner

SMALL wonder that Austria's name is on every tongue, and that the prolonged argument of the four Powers over her future echoes around the world. The tenacity with which the parties to the dispute hold to their positions seems in strange contrast to the agreement on general aims which preceded the negotiations. It was announced at the Moscow Conference in 1943 that Austria, the first of Hitler's victims, was to be reëstablished as a sovereign state with political and economic security; but agreement upon particulars now appears impossible, and the failure offers the threat of war. Is this small country worth such trouble? Are the details of the treaty which is meant to restore Austria to a place in the community of nations so important that they should be allowed to disquiet the world?

The answer is brief and simple: the Powers are negotiating over Austria — but they are dealing with Europe. The question of the political independence of Austria is a question of the freedom of all the medium and small nations of the Continent. The disposition of Austria's economic resources raises the problem of the expansion of the Soviet Union, which apparently seeks to incorporate other lands and peoples in the Russian empire. The effort to safeguard Austria's intellectual and spiritual freedom points the choice between two ways of life for all the peoples of the earth — between the omnipotent state and human rights, one-party rule and parliamentary government, dictatorship and democracy. History and geography make this small country the crossroads at which Europe takes one of two paths.

Austria bears a name which once stood for the greatest Power in continental Europe. The capital city, Vienna, was for centuries the seat of the emperors of the "Holy Roman Empire of the German Nation." It was at Vienna, in 1529 and again in 1683, that

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the vanguard of the attack of the Orient upon Europe — of Islam against Christianity — was hurled back. Up to 1918, the House of Austria, as the Hapsburg dynasty called itself, ruled over a family of peoples or, if one may apply a modern term, an internationale. The fact not only left its mark on the Imperial Palace in Vienna, but gave the population of Vienna its special characteristics. There was a period when Spanish was the court language. For a time, the Earldom of Burgundy and the Austrian Netherlands were part of Austria, and then the language of the court was predominantly French. The masterpieces of the Netherlands painters today enrich the Vienna Art History Museum with untold splendors. The greater part of present Italy belonged to the Hapsburgs; Italian architecture immortalized itself everywhere in Austria, and the masters of Italian music were supreme there until Gluck, Haydn, Mozart and Beethoven displaced them. In the government, the army and in the schools Frenchmen, Netherlanders, Italians and Germans mingled with the natives. The aristocracy of all nations flocked to Vienna, and even today many of the aristocratic houses of Austria bear Spanish, Italian, Netherlands and French names. Imperial military leaders — the descendants of many nationalities — were made fief holders of large estates in Hungary wrested from the retreating Turks; they founded the great Hungarian and Croatian families and became Magyar patriots.

The political and intellectual center of this organism — which, of course, was semi-feudal and semi-absolutist — was in Vienna, and from these varied national strains the population of Vienna derived the cosmopolitan characteristics which it retains to this day. An American will easily understand what this means if he thinks of New York. Not even in Paris is such a mixture found elsewhere in Europe.

In 1789, the French Revolution began to create European national states based on the separate linguistic and cultural communities which had grown up since the end of the Middle Ages, and ushered in the bourgeois epoch. Neither aristocracy nor Church, neither feudal lords nor the monarch "by the Grace of God" were to rule any longer; representatives of the people were to be elected and all power put into their hands. The fixed economic relationships established by the old class system were to give way to free competition and freedom of movement for individuals. The ideal was political, economic, intellectual and

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personal liberty within the framework of closed language and cultural communities.

The citizen of the United States can scarcely imagine the conditions from which European society had to liberate itself in the nineteenth century. The old system was explicitly intended to withhold physical and intellectual liberty from the people — an ideal so strange to Americans that they find it hard to believe that it is still held in many quarters. This spirit is ancestral to Fascism. According to it, no human society is possible which does not provide degrees of rank and subordination, and separate men into those who command and those who obey. Herbert Spencer characterized the advance from the feudal into the bourgeois world as the transition from status to contract. In the old hierarchical view, agreements with the people are not made to be kept, but are a means devised by the cunning to hold others in subjection; for, according to this concept, nothing but force will bind society together. The contrast between the two continents of Europe and America was early characterized by no less than Goethe:

Amerika, Du hast es besser
Als unser Kontinent, der alte:
Hast keine verfallenen Schloesser
und keine Basalte.

Indeed, America is fortunate to be without the ruined castles and the marble columns of the old Continent, the relics of the feudal tradition from which the European people have even now not emancipated themselves. How wonderfully fortunate to be born free citizens and to have economic and political liberty to take for granted! Even the latest among the liberating movements of Europe, Socialism, has in its Communist manifestation been gripped by the hereditary evil, and cannot divest itself of the superstition that society can be built only on a foundation of unconditional command and absolute obedience; in short, that totalitarianism and dictatorship are unavoidable. Democratic Socialism, which believes in human and civil rights, still has serious training to undergo, and much educational work to accomplish.

II

The political driving force of the nineteenth century, then,

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was the movement for unity and freedom of the nations. It tore down the Holy Roman Empire of the German Nation piece by piece and, in its stead, erected sovereign national states. But after the Peace of Nikolsburg in 1866, when Bismarck exhibited wise statesmanship in preventing the Prussian king and his generals from annexing the German-speaking provinces of Austria, Emperor Francis Joseph I still remained as monarch over a family of ten nations — Germans, Czechs, Poles, Ruthenians (today's Ukrainians), Rumanians, Magyars, Slovenes, Croats, Serbs (the last three known today as Jugoslavs), and Italians in southern Tyrol, Trieste and along the Adriatic coast. They differed greatly in political and economic maturity, but all strove, within the frame of the Hapsburg monarchy, to achieve national self-government as member states of a federation. The Revolution of 1848 achieved the draft of such a federation (the Kremsier Constitution), but, after the victory of the imperial forces, aided by the Russian tsar, it was discarded in 1851.

Partition under a democratic, federal constitution of course presented difficulties. These nations had been thrown together and torn apart in the course of centuries. The main groups with historical and political individuality, were: 1, the hereditary Austrian provinces, chiefly stocked by Germans, but also with Slovenes and Italians; 2, the provinces of the Bohemian Crown, with the Czechs, but also with Germans and Poles, though not including the Slovaks (who were of similar extraction, but vegetated under Magyar domination); 3, the provinces of the Hungarian Crown with the Magyars, but also with Germans, Slovaks, Rumanians, Croats and Serbs; 4, those Polish provinces of Galicia and Bukovina which had fallen to Austria, mainly Poles, but also with Ukrainians and Rumanians. The Croats, who were annexed to the Kingdom of Hungary, also regarded themselves as an entity and laid claim to Bosnia and Herzegovina, which had been acquired in 1878. Each group boasted the proud title of kingdom, grand duchy, duchy, earldom or the like.

The Austrian statesman, Beust, and the Hungarian Deák hit upon the fateful expedient of dividing the empire into *two* parts. The eastern half was incorporated into the Kingdom of Hungary, under the leadership of the Magyars. The name Austria applied only to what was left over — a state under the leadership of German-speaking people which circumscribed Hungary as the crescent of the rising moon lies around the darkened center,

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from Bukovina in the northeast to Dalmatia in the south. "Austria" contained seven nations, and "Hungary" five. This did not dispose of the problem of nationality; it merely inflamed it. Instead of a truly international constitution, it grouped what should have been ten autonomous states in two despotic régimes. Moreover, of the eight peoples thus forced into subjection, five were torn asunder among both halves of this empire (Germans, Czechoslovaks, Ukrainians, Rumanians and Jugoslavs). Nevertheless, this Dual System, as it was called, lasted from 1867 to 1918, for the economic arrangement was ideal. The empire was a large self-sufficient territory, without internal customs barriers, in which all the peoples experienced economic progress; but five decades of repression brought the national differences to the point of combustion, and the blaze set fire to the world.

The First World War destroyed the Dual System and removed the dynasty, and the peace treaties sliced the unified economic territory into purportedly national states. The peoples of the west believed that they had solved the problem of the Danube region and of southeastern Europe, but that was legend pure and simple, as the subsequent tragic developments of the Second World War have made plain.

In retrospect, what lessons can we draw from the lost opportunities of the Paris Peace Conference of 1919–1920? The Conference might, I think, have proceeded in one of two other ways. If it desired to adhere strictly to the principle of the creation of national states, under the slogan of the Self-Determination of Nations, it might have permitted the Italian territories to seek annexation to the Kingdom of Italy, the Jugoslav territory to Serbia, the Rumanian to the Kingdom of Rumania, and the German territory to the German Reich. This would have resulted in the dissolution of the Danubian monarchy, but would have checked the formation of international states. The prohibition of *Anschluss* was intended as a safeguard against German aggression. But had the Catholics and the Socialists of Austria voted in the German Reich in 1925, Hindenburg would almost certainly not have been elected President; and German democracy would not have capitulated to Hitler.

The other possible course for the Peace Conference would have been to decide that this well-balanced economic territory with its unified system of money and credit and communications should remain an entity. That would have meant that the na-

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tional components, while not enjoying complete sovereignty, would have the highest possible measure of national autonomy within a federal constitution, after the example of the Kremsier Draft, and would continue to work and to live together as they had for centuries. Such a commonwealth would have been a Great Power of the small nations, located between the hostile Powers of the great nations. It could have formed a dam against expansionist appetites from the northwest (Greater Germany), from the northeast (Russia), from the southeast (Pan-Slavism), and from the south (Italy), making Austria a larger Switzerland. Happily, it could not have entertained offensive ambitions, but it would have been eminently well made for defense, and a prototype for a Balkan Federation in the eastern Mediterranean.

But under the fateful influence of the Quai d'Orsay, whose leaders were preoccupied with thoughts of revenge for Sedan and safety from new attacks, the Powers chose a third way which magnified all the dangers of the old Danubian monarchy. The Conference created a pseudo-Czech national state — not the first, and alas! not the last time that the west tragically misjudged the Czech people and the problem of their statehood. This quasi-national state, burdened with 3,500,000 Germans, also contained Slovaks, some Poles, 1,000,000 Magyars and, finally, Ukrainians (Ruthenians) — the latter having been assigned a special province, Carpatho-Russia. The northeast part of the old monarchy was given to Poland, and this national state harbored a considerable number of Germans and a powerful bloc of Ukrainians. The Rumanians of Transylvania were annexed to the Kingdom of Rumania, but the German stock (who had been settled in that country for two-and-a-half centuries longer than the Europeans had been in America) and a considerable number of Magyars from the Banat were subordinated in the new Greater Rumania. The Catholic Croats and Slovenes were subjected to the Greek-Orthodox Serbs, peoples of entirely different mentality: for a time the new empire was called the Kingdom of the Serbs, Croats and Slovenes, but these illusions of equality and autonomy soon gave way to the idea of a united Jugoslavia, which meant the unconditional domination of the Serb element. Against the will of this country, moreover, a considerable number of Magyars were incorporated in it.

Trieste, the Adriatic port built and maintained jointly by the Danubian peoples, was annexed to Italy; but, though this was

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uneconomic, it was at any rate in keeping with the nationalist principle. The Italian regions of Austria were joined to Italy; but so also was the indisputably German South Tyrol as far as the Brenner Pass. In other words, new states were created in the north, east and south on the principle of nationality and *Anschluss*. But federation with the German Reich was forbidden to the Germans in Austria. The purpose was to safeguard France against a new attack, but the effect was to pave the way for it.

III

What remained of the Dual Monarchy were the German-speaking parts of the eastern Alps, a population of about 6,500,000, and the capital city of Vienna, with a population of about 2,000,000. It was a mountainous country with little arable land, without a sufficient domestic market for its industries, no outlet to the sea, and surrounded on three sides by hostile neighbors. It was, indeed, a land without a name — for this area had never been a separate state. It was treated as a vanquished enemy, and had to take over the name of Austria and the inheritance of the House of Hapsburg, with all its glory and also its ill repute. It likewise gathered in an unfortunate heritage of passé Hapsburg officers and monarchists from all quarters of the old empire.

No sensible person believed that this new state named Austria could exist without aid, or that it could withstand any shocks. It was, in fact, made viable first with credits from the League of Nations, and then by years of intense toil on the part of this handful of people, who organized a democratic republic and buckled down to their task. The writer was the leader of the Austrian peace delegation at St. Germain, and, on returning to Vienna in September 1919, reported to Parliament and recommended acceptance of the Peace Treaty. I did so in express reliance upon the League of Nations as the guarantor of our independence, and described Austria as "an autonomous province of the League." Both major political parties — the Social Democrats and the Christian Socialists — took the verdict quietly, and there was no resistance among the people. The German-Bohemian and German-Tyrolese representatives in the Vienna National Assembly placed the red-white-red cockade solemnly upon the president's dias and left the building and the province, with an uncertain future, but not without confidence in the League's promise to protect minorities, and in the attitude of

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Czechoslovakia and Italy, then enjoying democratic régimes.

In the years that followed, the cultural life of Vienna and Austria underwent a notable revival. The Austrians began to accustom themselves to the idea that, despite the common tongue with the German Reich, the region had in it the stuff that made a separate nation. The historical traditions came to life, cultivated especially by the conservative part of the population. The Social Democrats took up their international relations, through the Second International, and played an important rôle internally through the trade unions and the coöperatives. The League of Nations proved a friend in the hour of need, and was probably more highly esteemed in Austria than anywhere else in the world. Though the Succession States banded together as the Little Entente, and Austria was isolated, an election based on universal suffrage and true proportional representation showed the German National Party to be only a tiny minority. *Anschluss* with Germany ceased to be a political issue.

But the world economic crisis of 1929 shook Austria to her foundations, revived the worry over the country's viability, and produced serious threats from abroad. First Mussolini conspired with the reactionary government in Hungary to transport arms secretly over the Austrian railways. The Social Democrats uncovered the smuggling, and the railroad workers stopped it, but Mussolini was furious, and from then on did everything possible to undermine democracy in Austria. He forced acceptance of Italian participation in Austrian industry, encouraged the beginning of a Fascist movement, helped to arm it, and corrupted influential government officials. It was now that the influence of the many former imperial officers and civil servants was gravely harmful, for they had not taken the decisions of the First World War as final, and they looked upon Mussolini as the champion of Restoration in the whole Danubian region.

The democratic sentiment of the conservative Christian Socialists was still in the formative stage, and the party proved unable to stand up to the monarchists within its own ranks. The warnings of the Social Democrats went unheeded. When no vigorous measures were taken by the government against the *Heimwehr* (Home Guards) — a private military organization of monarchists and rural conservatives — the Social Democrats in self-defense developed their own military organization, the Republican Protective Federation (*Republikanischer Schutzbund*).

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Now some of the large industrialists thought that the opportunity had come to repeal the social welfare laws and to get rid of the trade unions. They dismissed Social Democrats who were union representatives and endeavored to force the workers to support the *Heimwehr*, to turn out for parades, and so on. The hierarchy of the Church, especially the Episcopate, took no part in anti-democratic activities, and the great majority of the Catholic population maintained an attitude of detachment. Nevertheless, some Church circles felt called upon to aid the reaction, and the Austrian Chancellor, Seipel, a Catholic priest who had done much to help the country's economic reconstruction, declared himself in accord with the *Heimwehr's* objectives. Some western statesmen admired his stand. How little they understood what this abandonment of democracy meant, and how difficult they would find it to stop Fascism once it was well started!

Now Adolf Hitler and his National Socialists came to the fore in the German Reich, and streams of propaganda poured over Austria. A nationalist minority took up the cry of *Anschluss* again, and the nationalist youth were organized with undercover support from Hitler. This Fuehrer had a very different kind of recruiting power than did the superannuated Hapsburg officers, the estate managers of the Austrian nobility, and the country lawyers who clamored against the "inflated" power of Vienna; and to the industrialists who wanted to overthrow the trade unions, one kind of Fascism was as good as another. The small middle class in the little country towns listened in fascination to the new evangelism of the Reich that was to last a thousand years; and the leaders of the Christian Social Party, alienated from democracy by Seipel, lost the courage of their convictions.

I recall these events with reluctance, but for a necessary purpose. Few people abroad yet realize what really happened in Austria, and hence do not understand how little blame attaches to the majority of Austrians for the catastrophe. The decisive blow was struck by Dollfuss at the instigation of Suvich, Mussolini's Minister to Austria. Instead of unifying the anti-Fascists who formed the great majority of the population, he abolished representative government, overthrew the Social Democrats by a coup d'état in the bloody days of February 1934, and set up a dictatorship on the Italian model. Thus, against the desire of more than three-fourths of the Austrian people, he opened the door to Nazism.

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The end is known: the murder of Dollfuss; a sorry interim régime under Schuschnigg; and the irruption of Hitler — with the masses of Austrians standing by, vexed, helpless and speechless. What was there to stop Hitler's march through Central Europe? Instead of the Great Power of the small nations there existed only a collection of small sovereignties, each of which had to stand up to him alone. The idea of the national state, the *Leitmotif* of the Paris Peace Conference, put into his hands the most effective means of agitation from within, and gave him a plausible excuse to offer to the outside world; and the annexations round about offered precedents. He split off Czechoslovakia, isolated the Sudeten province and caused the Slovaks to revolt. By suggesting an overturn of the settlements of 1919, especially in Transylvania, he captivated the Magyars. He played up the oppression of the Catholic Croats and Slovenes to mobilize them against the Serbs. And the U.S.S.R. capped the climax with the short-lived treaty with Hitler which enabled it to split off the Ukrainians from the Poles and advance the borders of the Soviet Union to the line of the Bug and San (thus appropriating the crude oil in Galicia).

IV

With these events which opened the Second World War, the idea of the national state reached its climax, and, I venture to believe, began its decline as a factor in the making of history. Perhaps we might pause for a moment, at this point, to review this central problem of nationalism in more general terms.

At the opening of the bourgeois period in 1789, Central Europe was covered with a few hundred small absolutist states, arbitrarily isolated from one another. Technology and capitalism had to break down the barriers. The extent to which boundary lines immure the people behind them depends above all else on communications. Societies linked by messengers on horseback or camel, by stage coach, by primitive railroads, or by motor cars and transcontinental rail and air lines will be very different ones. Whether men earn their living in a closed rural community (as, for example, the original Boer settlers in South Africa) or in a small town, whether districts have central markets and commercial centers, and finally whether there is a balance between mountainous areas and arable plains, between coastal regions and the hinterland, can be decisive social factors. Methods of produc-

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tion, trade and communication are great architects of states.

For centuries, the expansion of commerce and the development of what might be called "territorial" states came up against the seemingly insuperable barrier of language differences. When economic life became more intensive in the nineteenth century, the activities of the state became more specialized, and it was compelled to address itself much more closely to the problems of its subjects. The rôle of language was further emphasized, and the development of democracy — which demands constant meetings, discussions, dissemination of information in the press — strengthened the tendency. It followed that the most effective state structure was that which compassed the members of a common language group. Unity and liberty of the nations! The paradise of which the nineteenth century dreamed was a group of free sovereign states living peacefully side by side, each satisfied to remain within its own borders and to enjoy its culture.

But political sovereignty was, in fact, precarious if not supplemented by economic self-sufficiency; and economic resources are not neatly divided in the pattern of nationalities. The result was imperialism — first imperialism in a search by the larger nations for raw materials and food in the sparsely-settled regions of the globe; then, as technology advanced and industrial power became more and more necessary to maintain political sovereignty, imperialism by great nations at the expense of small neighbors on the same continent. The nationalist idea in practice became covetous, expansionist and warlike, and the economic imperialism buried deep within it became another architect of state. The subjection of foreign peoples and the annexation of their territories was described as a civilizing act by the "superior" people. Must not the stronger and more capable overcome the weaker if mankind is to advance? Have not all truly great peoples been conquerors who welded together many foreign peoples? Such was the rationalization. The imperialism of Hitler, Nazism, was the reverse of the early nationalist idea — the classic nationalism which sought liberty and equality for all peoples — but it was likewise the flower of it. Imperialism is latent in all great nations, and attacks the small ones as well. Thus the Czech felt called upon to dominate the Slovak, the Pole the Ukrainian, the Serb the Croat and Slovene, on some cultural or historical pretext. And so the "imperialism of the small," as Otto Bauer called it, built up its own international state organisms.

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Finally, this claim of an historical mission as a cloak for economic expansion was used to seize and falsify the idea of Socialism. Communism now claims a world mission, by virtue of a superiority to all other systems of society. In such efforts to conquer *Lebensraum* and to impress other countries and peoples into the service of one's own nation, various ideologies can provide the rationale. It can be a religous creed, as when Islam gave its driving power to the Arabs; it can be Catholicism, which, through Ignatius of Loyola, trained men for hard, martial unity, with absolute supremacy for the doctrine and absolute obedience to its representatives. Or it can be a social creed such as Communism or the National Socialism of Hitler, which threatens to annihilate every man who deviates or resists. Absolute conformity of thought, absolute submission of the will, and obedience without reservation by subordinates — this is always the ideology of the effort of world conquest.

V

But the very pace of technological development, which hastened the growth of nationalism, has now begun to undermine the nationalist state. Planes circle the globe in a few hours and force their way into every out-of-the-way place. Radio permits us to speak instantly with the antipodes. The vast improvement in the technique and transmission of speech, and a growth in the linguistic ability of the leaders of economic and political affairs, have greatly weakened the language barriers. The trend is certain to continue. Literature has become world literature. The shrines of nationalist culture are being battered down on all sides. Persecution by Fascists and Communists has driven many of the world's finest intellects from their homes, and, though some of them have become citizens of other countries, they are also citizens of the world. We are profiting from this dispersion now, in Austria, as the refugees are returning from England, France, Sweden, Russia, the United States, from the Latin American countries and from Shanghai, bringing with them an intimate knowledge of other lands and peoples, other languages and cultures. It is a symbol of what is going on all over the world. The age of nationalism is drawing to a close.

The new idea is world-wide organization. It took concrete shape in the League of Nations, and, though this first hesitant effort was not strong enough to overcome the imperialistic chal-

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lenge, the very defiance of the new order mobilized the strength of the New World. The attempt has been made with renewed energy in the organization of the United Nations, and this effort must succeed. The United Nations limits national sovereignty, but at the same time guarantees a measure of sovereignty even to the smallest peoples. It is designed to preserve the gains of the great revolution of the eighteenth century by safeguarding human and civil rights, and at the same time it preserves the ideal of the nineteenth century — the national state — in the degree compatible with the unity of mankind and the peace of the world. This world federation may in the real sense of the word be termed an internationale, and will be the architect, eventually, of the world state.

Will a new military conspiracy like the Axis arise to oppose it? In view of the development of atomic energy and the complete revolution in the means of war, only utter madness can lead to such an uprising, and in the fullness of time nothing but submission is possible for those who launch such an attack. But here again the welfare of Austria is central to the safety of this second world organization. Here is the point of contact of Germanic, Slav and Italo-Romance peoples. Austria's mountains and rivers make this region literally the crossroads between east and west, and between north and south. Its alpine passes command the communications between Germany and Italy. (Without the Brenner, the German-Italian Axis would have been merely a pair of wheels.) From the top of the Kalenberg at Vienna can be seen the juncture of the eastern Alps, the Sudeten range and the Carpathians — the basin through which flow the Danube and the March. Four gates lead out of this mountain pass: up the Danube to Germany, up the March into Czechoslovakia, down the Danube to Hungary, and south over the lower Karst into Jugoslavia and to the northern Balkans.

It was not caprice, but the facts of geography, which caused the Hapsburgs to shift the center of their realm from Prague to Vienna. From this crossroads they exercised power over large parts of Italy, over Burgundy, the Netherlands, over all of Germany, Bohemia and Hungary, over the Adriatic coastal region and down to Belgrade, which had been taken from the Turks in 1699 by the Hapsburg Field Marshal, Eugene of Savoy. Nor was it accident that made the Viennese known as a light-hearted people. Vienna was favored for centuries, for the military focal

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point was also the natural market place. The artisans of the alpine regions whose soil was poor, the people from the rich Hungarian plains, the inhabitants of the highly industrial Sudeten region, the people of Galicia and Jugoslavia, rich in forest products and livestock, and those from the Adriatic, blessed with the fruits of the south, all traded their wares in Vienna. From here, Empress Maria Theresa built the road over the spur of the Alps and across the Karst to Trieste, to provide a seaport for the land-locked countries.

It was these facts of geography and economics (and not a nefarious plot to subordinate neighboring territories to Austrian rule) that attracted the great commercial houses and banks to Vienna. In these eastern countries, commerce and banking were largely in Jewish hands — to mention this will, I trust, not awaken sad memories — and hence arose the saying that Vienna was the place where men came to perfect their business arrangements by arranging marriages. Indeed, so far as the saying is true, it applies to every race and nationality — the Greeks, for example, who were engaged in business everywhere in the old empire. The annihilation of the Jews has done untold damage to the city of Vienna and to Austria, for it has severed business relationships which had existed for centuries. And all the Danubian states have suffered correspondingly from anti-Semitism.

Many of these events are long since past, but they explain the happenings of recent years. They explain why Hitler seized Austria as his first move in the conquest of Europe, and how from there he picked up Czechoslovakia in his tongs, gathered in the Slovaks and the Magyars, fell on Poland from the south (flanking the preparations she had made for the attack from the west) and dominated the Balkan countries. St. Germain and geography blazed the path for the Blitz. This explains, too, why the Soviet Union is so intensely interested in the Vienna basin.

From Kalenberg, one now looks out upon the invisible wall of the customs barriers which divide Austria from Czechoslovakia in the north and from Hungary in the east. The tariff walls of the old Serbia have come closer, and, though there are two railway lines to Trieste, one over Italian territory and the other over Jugoslavia, the port is further from the hinterland than ever. And as if the customs barriers to the north and to the east were not enough, the Iron Curtain has descended. Austria increased her production of grain, sugarbeet and livestock astonishingly in

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the 20 years after St. Germain, and the income from forests, mines, tourist traffic and, above all else, the products of her skilled artisans was more than sufficient to pay for necessary food imports. And there was a stroke of fortune — the discovery of the oil fields at Zistersdorf. Austria looked forward to a surplus in the balance of payments, and people began to call the Austrian schilling the "Alpine dollar." But will trade with the east be possible in the future? Will the gates open to the west and to the south? Or will the Iron Curtain drop between Austria and the west, so that Austria becomes merely the military outpost of a Power whose interest in her economy consists of a desire to carry off anything of value?

These are the possibilities. But in the face of so uncertain a future Austria is remarkably steady. She has maintained a stable government since the war ended, and her social order has not been seriously disturbed. In the century which has passed since the Revolution of 1848, she has fought her way clear of the remains of absolutism and feudalism and has tapped the wellspring of a new democratic energy; and with this new strength have come balance and self-restraint. The working classes won universal suffrage, fought an exemplary battle against both green and black Fascism, and stood steadfast in their democratic convictions throughout the Hitler annexation. The experience with Mussolini and the Nazis gave the middle class and the peasants a new understanding of the value of democracy. The great majority of the people of Austria are certain that they wish to live under a democratic régime. The differences between the owning classes and the working class, which were once at armed pitch, still exist, but there is no thought of deciding the issue by force. On the day of Austria's liberation, the Conservatives and the Social Democrats swore to remain united in the country's hour of need. They have sought compromise by negotiation, and they are pledged to hold this center-of-the-road course against the attack of Communism or Fascism. Above all, Austria is steady because she has confidence in the final triumph of the United Nations. The League did not protect her against Hitler; but if she has learned from that experience, so have others. Her territory is the key for war and for peace in Europe; she does not believe that she will be left in the lurch again. The forces which make history move toward a world economy and a world state, and in this direction Austria is glad to go.

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A NEW WORLD TAKES SHAPE

By Sir Harold Butler

THE Second World War is already fading back into history, but no peace has succeeded it, not even a formal peace between the principal belligerents. None of the bright hopes which gladdened men's hearts on the days of victory has been realized. Instead of living in an age of freedom and democracy, we are witnessing their remorseless extinction by party dictatorship and police inquisition in one half of Europe and fear for their safety in the other half. The economic chaos, which the devastation, dislocation and beggary of the war inevitably produced, has proved far graver and more persistent than the experts predicted. Bitter fighting is in progress in China, Greece, Palestine and Kashmir, and may at any moment break out in half a dozen other parts of the world. The United Nations has failed to impose a peaceful rule of law because the unity of the Great Powers, which was its axiomatic foundation, has broken down. Instead of being welded together in one world, mankind is fatally divided into two sharply opposing camps with the fear of another and deadlier war poisoning the air which it breathes. At the present moment all these conflicts and disturbances seem to be moving to their climax. The year 1948 has every appearance of becoming a crucial year in human history. Whatever its outcome, however, it is fairly certain that the return of peace and stability cannot be looked for in any near future. Though civilization will probably not collapse even in Europe, and though a new war may quite possibly be avoided, the world is passing through such a vast upheaval that it is unlikely to recover a new balance and a new security for many years to come.

II

To gauge the magnitude of the current revolution one must cast a few backward glances, not with any nostalgic desire to revive the dead world of 1939, but in order to focus more clearly the weaknesses which destroyed it and to estimate the requisites for a new and more durable order. It is now generally conceded that the dissolution of the old European society set in at the beginning of this century, but even now it is hard to realize its rapidity and completeness. Since the days of Charlemagne, West-

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ern Europe had been steadily expanding its empire over the globe. Even in medieval times Poland, Hungary and Bohemia had already come under the spell of the west, but only in the nineteenth century did its culture and its political ideas begin to permeate the Balkan peoples, so long shut off from the light by the heavy curtain of Turkish tyranny. At the opening of the present century they still lay in a twilight zone between east and west. Meanwhile, European pioneers had conquered the Americas and Australasia and had established their overlordship throughout most of Asia and Africa. Russia alone remained outside the western orbit, little affected by its notions of individual freedom and representative government, still wrapped in the lethargy and ignorance so luminously depicted in Chekhov's stories. World politics in 1900 were controlled by the four Great Powers of the west — the British and French Empires, the Austro-Hungarian Empire stretching from the Adriatic almost to the Black Sea, and the upstart German Empire thrusting into the forefront with its coal and steel and its military megalomania. The supremacy of these four seemed unassailable, and yet how fragile it now looks to have been! In less than 40 years it has vanished from the earth.

At the end of the first war the Hapsburg dominions, which had preserved South-Central Europe from Ottoman and Moscovite inroads and had done much to improve its economic and social condition, broke up into a congeries of small, weak, unstable states. With the rebirth of Poland, Czechoslovakia and Jugoslavia the resurgence of the Slavs and the recoil of the Teutons had begun. The trend of 500 years had been dramatically reversed. At the time this portent seemed less momentous than it was, because the Russian Revolution had deprived the Slav world of its natural leadership. At that time Russia appeared crippled and exhausted. She had lost Finland, Poland, much of White Russia and the Ukraine, Bessarabia and the Baltic provinces. Territorially she had never been so weak since the days of Peter the Great. Nothing seemed less probable than that in 25 years the Soviet Empire should recover and surpass the power of the Tsars.

But the new Russia possessed a weapon more potent than any the Tsars had wielded. It was the fountainhead not only of the Slav *mystique* but of the Communist gospel. The new faith had some attraction for the industrial populations of the west, already imbued with the Marxist dogma, increasingly rebellious against

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economic inequality. But Communism had much greater attraction for the agrarian populations of Eastern Europe. From time immemorial they had suffered poverty and exploitation at the hands of the great landlords. The spectacle of their overthrow and of the division of the land among the peasants in Russia sent a thrill of expectation through this region. Except in Rumania, however, little was done to satisfy the land hunger or to relieve the chronic distress of the overpopulated countryside, both of which were enhanced first by the restrictions imposed on immigration by the United States, the British Dominions and Latin America, and secondly by the disastrous collapse of agricultural prices after 1929. The governments of the new countries, with the exception of Czechoslovakia, were incapable of solving their social and economic problems. The mirage of Soviet equality and prosperity, which neither famines nor political massacres were able to dispel, loomed larger in the eyes of the peasant peoples as their own poverty and subjection became more acute. The corrupt, half-hearted democracies of Poland, Rumania, Hungary, Bulgaria and Jugoslavia gave way to dictatorial and semi-dictatorial régimes which repressed every movement aiming at social reform, however feeble and hesitant. The twin triumph of poverty and reaction threw millions into the arms of the Communists. When the war broke out, Eastern Europe was ripe for revolution. When the Red Armies began to drive back the German oppressors, from whose savagery and exactions they had suffered so long, vast numbers of Eastern Europeans began to look to Moscow for their salvation. When the Soviet marshals finally liberated them, they were hailed as their saviors, not only from the Germans, but from the tyranny of the dictators and landlords who had gone before. That there was widespread and genuine enthusiasm for Russia in all these countries is a fact which has to be grasped and understood, because it laid the foundation for the Soviet ascendancy in Eastern Europe. Whether it is still a solid foundation is another matter, but it explains the ease with which the Kremlin was able to impose its will on its satellites. Stalin did not have to use much force. He had only to place a band of Moscow-trained leaders at the head of their Communist parties to rally a large body of followers in each of these countries. With the Red Army in the background, a little guidance and a few discreet gestures were enough to hoist his henchmen to power and seize control of the police and the

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army. Even in Czechoslovakia a few divisions near the frontier sufficed to extinguish any resistance to the Gottwald coup.

This, then, was the upshot of the second German attempt at world conquest. The historic drive of Europe toward the east had been thrown into reverse. The recoil of the Teutons had ended in the extinction of their long domination in Central Europe. The resurgence of the Slavs had been consummated in the apotheosis of a huge Russian power, already master of all Eastern Europe, ruthlessly stamping out its free institutions, replacing them by the police rule of Muscovite tradition. Beyond lay the west of Europe, drained of its economic lifeblood, much of it devastated, all of it more or less mentally deranged by the strain of the war and the internal stresses of enemy occupation. In France and Italy, which had suffered most, political and economic chaos offered a perfect seed-bed for Communist agitation. Britain's economic strength had been pumped almost dry by a war effort which had far exceeded the intrinsic capacity of her wealth and population. Only Belgium, Norway, Denmark, Sweden and Switzerland remained comparatively intact. Europe was nothing but a geographical expression. Cut in two by the Iron Curtain, psychologically, politically and economically disrupted, it lay prostrate at the mercy of the Russians and the Americans, facing each other on the Elbe and the Danube. Its destiny was no longer in its own hands.

III

In any circumstances the impoverishment and confusion which had overtaken Western Europe must have severely shaken its prestige in the rest of the world. As it happened, the decline of its old power was accompanied and greatly accelerated by two other great movements which had been gathering momentum for two generations — the expanding might of the United States and the political and social earthquake which was swallowing up the old order in Asia. Of the former little need be said. The titanic growth of American industry had been rapidly ousting Western Europe from its position as the workshop and the banking center of the world. Though its standard of life had continued to rise slowly, the European economic system was out of date. It consisted of 20 or more small national units, all working not with but against each other, making no attempt to pool their natural resources or to develop their agriculture, their electric

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power or their transport systems on rational lines, surrounded like medieval castles with moats and walls to keep out each other's trade. It had long been obvious that a continent organized or rather disorganized on these lines could not hope to keep pace economically, scientifically or socially with the 48 States of the American Union, working together as a single unit. It was also obvious that the economic power of the United States would some day be translated into military power, when the occasion demanded. This was indeed the lesson of the First World War, but it was insufficiently understood either by Europeans or Americans. The former made no move toward sinking their ancient quarrels and uniting their depleted forces in order to recover their prosperity. The latter withdrew into isolation, unaware of or unwilling to face the destiny which their national achievement had thrust upon them. The second war left no further room for doubt. The United States emerged from it not merely as the world's greatest Power, but braced to shoulder its responsibilities.

In the light of the American ascent, the decline of Europe stood out in yet sharper relief. The same effect followed from the upheaval in Asia. There the characteristic notions of the west had long been sapping the traditional outlook of oriental society. Nationalism had taken firm root in China and India and throughout the Arab world. Before Hitler launched his lunatic assault, Sun Yat-sen had overthrown the old Chinese Empire and the movement for emancipating China from foreign control had begun. India had already attained partial autonomy with the promise of ultimate self-government. Egypt, 'Iraq, Saudi Arabia and Transjordan were at various stages on the road to independence. The emotional and material stresses of the second war knocked away the last props of the old order. The pretensions of western civilization to lead mankind on an upward path were patently contradicted by the barbarity and ruthlessness with which the western nations conducted their civil war, and by the spectacle of death-camps and torture chambers organized by Europeans, which outdid the worst traditions of oriental inhumanity. Within two years of the war's ending India, Pakistan, Burma and Ceylon had attained national status. Native republics had been proclaimed in Java and Indo-China. Not only Saudi Arabia and Transjordan, but Syria and Lebanon had become sovereign states. The European domination of Asia was finished. But the yearning for independence, which sprang from the teach-

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ings of Europe, was not the only subversive force at work. Alongside the revolt against the white race, revolt was beginning to simmer against the secular oppressors of the poor — the grasping landlord, the grinding money-lender, the venal official. It was symbolized by the struggle of the Chinese Communists against Chiang Kai-shek, by the secession of the Indian Socialists from the Congress Party, by the mushroom growth of Communist parties in every eastern country. Throughout the east new thoughts were challenging the habits of centuries. Its vast illiterate masses were beginning to dream strange, often fantastic dreams inspired by emissaries trained in the revolutionary academies of Moscow. If the future of Europe was obscure, the future of Asia was beyond the vision of the most presumptuous prophet.

IV

Out of the prevailing confusion a new world is taking shape. When it finally settles into its mold, its structure will be so different from anything that has gone before that a comfortable Victorian risen from the dead would detect in it little resemblance to the world which he knew. At present, however, everything is still fluid; hardly any fixed points have yet emerged. But there are signs of incipient consolidation here and there, which may point the way toward the new order. They are at least worth putting together, always remembering that they may be again swept into the melting pot.

The most significant change is the revival of Western Europe's will to live. The mood of apathy and despair seems to be yielding to new hope and energy. For that the Marshall Plan must be regarded as mainly responsible. It was not, however, the offer of further American aid which revived the drooping spirits of the Europeans. They had no reason to think that by themselves more billions of dollars could be more than a temporary palliative. What stirred them to action was the notion that by working together they could use this American grant to lay the foundation of a new European system. The concept of a Europe united for the first time in its history began to fire their imaginations. In that direction might lie not merely the road back to prosperity, but the road toward the recovery of the stability and self-respect which Europe had forfeited by its two fratricidal wars. The meeting of the 16 western nations on the initiative of Britain and France generated a psychological change in the European at-

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mosphere which has continued to gather impetus. At the start the governments were cautious and chary of commitments. They were not sure of their peoples. Now they are being propelled forward by a rising tide of popular opinion in favor of European unity, little aware perhaps of the difficulties to be overcome, but instinctively convinced that that is the right track. The speed with which the Brussels Pact and the Franco-Italian customs union were negotiated, the ease with which the Economic Council of Europe was established, the resolution introduced by more than 170 members of all parties in the British House of Commons for establishing a permanent Council of Western Europe, and the convening of a constituent assembly to frame the constitution of a federation, the public interest in the meeting of the first Congress of Europe at The Hague — these are a few symptoms of the sudden impulse which is transforming the outlook of Europe. None of these things was conceivable a year ago; none of them would have been practical politics six months ago. One may well pause to consider what are the factors which have so unexpectedly produced this surge of opinion.

It may safely be said that without the Marshall offer the unitary movement in Europe would not have been launched. Though Mr. Churchill had preached the gospel of unity at Zürich nearly two years ago, and though many people in Britain and the Continent were sure that it held out the only hope of real recovery, there was no cue which would set the official world in motion, no immediate objective which would justify it in summoning Europe together. Secretary Marshall's Harvard speech provided both the cue and the objective. But it also produced another effect which gave a far sharper spur to Western Europe than the prospect of further American aid or even of the resurrection of Europe. The Russians realized as soon as anybody that the new movement might mean rapid recovery in Western Europe and its emergence as a new Great Power closely linked with the United States and the British Commonwealth, which would block the advance of the Communist empire. In their determination to frustrate both these aims the Kremlin staged a vigorous counter-movement. Communist power was quickly consolidated in Rumania, Hungary, Poland and finally in Czechoslovakia by the suppression of the liberal and peasant parties and the forcible absorption of the Socialists. All these four countries were dragged reluctantly back behind the Soviet fence and forbidden to take

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any part in European union or American assistance. The Cominform was created to prosecute relentless war against both projects and against all who supported them in Western Europe.

The effect of this Russian offensive was twofold. It not only stimulated the fear of Russian expansion in Western Europe, but it brought the old antagonism between the Communists and the Socialists — the Bolsheviks and the Mensheviks — to breaking point. There could no longer be any tolerance or coöperation between them. Those who were for the Marshall Plan were against Communism. Those who condoned the totalitarian suppression of liberty throughout Eastern Europe were exposed as opponents of those human rights which Mr. Attlee, M. Blum and M. Spaak uphold as firmly as Mr. Churchill, M. Bidault or Count Sforza. The declaration of war by the Socialists against "Communist imperialism" was an essential factor in promoting European unity. It meant that the Labor Government in Britain was prepared to throw its whole weight into the continental struggle in order to stem the Communist advance; as the strongest Socialist government in Europe it used its considerable prestige to rally the weakened and divided Socialists abroad in the critical year of their fight for existence. It meant that coalitions including Communist parties were no longer possible in France or elsewhere. It meant that the battle for the control of the trade-union movements in France or Britain could no longer be postponed, but must be fought out before it was too late.

There was also a further implication. For the first time since the war the Socialists and the middle parties found themselves united by a common hatred of Communism stronger than the acute differences over state enterprise and capitalism which divided them. In Britain the three parties discovered themselves in unavoidable agreement on foreign policy. In France the alliance of the Socialists and the M.R.P. began to acquire solidity. In Italy the balance has tipped strongly against the Communists. Everywhere the fatalistic drift to the extreme Left was brought up with a jerk. Without an understanding between the Socialists and the middle parties any talk of uniting Western Europe was futile, for there could be no economic union which did not endorse the social objectives of the Socialists and a large measure of state planning coupled with a large measure of free enterprise for employer and worker alike. Such an understanding was gradually forming before the Prague coup d'état. That crude and

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sinister episode rendered it imperative. The danger of offending Russia by creating a western bloc had been shown by a lightning flash to be far less formidable than the danger of the disunited countries of Western Europe being swallowed up one by one. The Russians had succeeded in creating the political and psychological conditions without which there could be no prospect of pulling the west together.

One other condition was also necessary — the whole-hearted participation of Britain. It was plain that without substantial restoration of German industry the economy of a Western Union could not be made viable. But the revival of German economic strength raised the old fears of its being used once more to dominate the Continent and to furnish the sinews of a second military resurrection. The bogey of a German Pan-Europa could be laid only if Britain became an integral part of the European system. Mr. Bevin's vigorous lead in convening the 16 nations and in promoting the Brussels Treaty was therefore decisive. With British participation the problem became soluble. Without it General de Gaulle could hardly have held out the olive branch to the traditional enemies of France, nor could the Belgians and the Dutch have urged the necessity for reviving German trade without fear of the consequences. In any case, German industry would require several decades to recover from the material and moral devastation of the war and from its enormous losses of manpower. The gradual restoration of Germany, which Europe could not do without, might be safely undertaken instead of being indefinitely postponed if the British were committed to taking their full share in guiding and controlling it. In the old days before the first war British intervention in continental affairs was apt to arouse misgivings. After 1919 the complaint was rather that she still held too much aloof. Now her active partnership is seen to be indispensable.

A word may be added regarding the British standpoint. The lessons of the war have sunk deep. The bombing of 1940 has not been forgotten, nor the rain of V-1's and V-2's in 1944. To prevent Western Europe from falling under the domination of a single Power is more than ever the cardinal axiom of British policy. From the economic angle, though, Britain is bound to seek closer relations with Western Europe. In 1938, 30 percent of the exports of Britain went to the Marshall countries of Europe. Her exports must now be increased by 75 percent, if her trading account is

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to be balanced. An outlet for a substantial part of that increase must be found in the European market, as any considerable expansion of her export trade with the dollar countries is hardly feasible. Similarly with imports. Before the war about 23 percent of British imports came from the Marshall countries. Britain's penury of dollars furnishes a strong incentive to increase that proportion. At the same time it is not less essential that British trade should be maintained with the dominions and colonies, which in prewar days took 40 percent of her exports and furnished 37 percent of her imports. To reconcile the special relations between the United Kingdom and the other British countries with closer association with Western Europe presents a delicate but not insoluble problem. If the will to solve it is strong enough, there is not much doubt that a way can be found. There is one other potent bond between Britain and Europe which has been immensely reinforced by recent events. Neither strategic nor commercial interests by themselves would be enough to provide a sufficient incentive for more intimate ties with the Continent unless there was a common faith. But the elements of that faith exist. The abhorrence of Communism and the police state, the belief in individual liberty and representative government, are the common heritage of Britain and the peoples of Western Europe. Until the civilization which they created was threatened with destruction by a hostile creed assailing the Christian ethic and the whole concept of human self-determination, the western nations never realized that their common beliefs might outweigh their differences in the scale of values. For the first time they are coming to feel an emotional need to unite, without which no society can become a living reality.

And so by one of those strange confluences of events Western Europe has been unexpectedly afforded a new opportunity. The breath of a new spirit is beginning to reanimate it. Already there is an air of confidence, determination and optimism in Britain, France, Italy and the Scandinavian countries, which had previously been woefully lacking. Of course they are only on the threshold of a very difficult enterprise. Immense obstacles stand in their path. How far can the life of nations, which for centuries have thought of themselves as distinct and unique, be merged with the life of other nations? How far are they prepared to sacrifice a part of their sovereignty without which there can be no effective economic or political union? In a word, can 16 countries

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with strong personalities and traditions of their own learn to work together intimately and trustfully?

Upon the answers to these questions the fate of Western Europe, and much more than that, now depends. If it can preserve its freedom and recover its economic stability, a great step forward will have been taken toward framing the structure of the ultimate peace. A Western Union in Europe must of necessity be closely linked with the British Commonwealth, the United States and the Pan American Union. Together they constitute so formidable a group that, as long as they work together, the danger of a major war will be remote. If the dawn of better times, which might be heralded by a good harvest this year, begins to cheer the 250,000,000 people of Western Europe the menace of Communism will fade. If largely through their own efforts they feel that the hungry 40's are being banished and that the 50's will see them back on the road to greater political, economic and social security, they will feel no urge to sell their freedom for a mess of pottage.

Such a revival of Western Europe would be of much more than local importance. As its strength and well-being developed, the effect upon the eastern half of the Continent would be profound. Czechoslovakia, so long permeated with western ideas, is not likely to abandon her liberties forever. In Poland, Hungary and Rumania there is little natural love for Russia or for the totalitarian way of life. The underground revolt against Communist dictatorship has begun, nurtured not only by the dispossessed middle classes, but also by the Socialists. But these nations are at present tied to the Russian chariot by two powerful bonds — the fear of their old régimes and the fear of Germany. They want to be freed from Communist dictatorship, but they do not wish to see their industries denationalized or the land restored to the great landowners. They want to recover their national independence, but they all fear a German resurrection, particularly the Poles and the Czechs, who have expelled millions of Germans and seized their property. The German problem is the great obstacle not only to the unity of Western Europe but still more to the unity of Europe as a whole. The German people will never remain content to be split in two. As time goes on, the cry for a united Germany will grow steadily louder. In proportion as Western Germany begins to enjoy self-government and more tolerable conditions of living, so will its attraction for the dwellers

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in the Russian zone increase. The aim of the latter will not be to draw their western brethren under the Slav yoke, but to join with them in throwing it off. And what then? Would a united Germany resign herself permanently to the loss of Pomerania, East Prussia and Silesia, which have made so much of German history? If ever the day comes when the reuniting of all Europe becomes practical politics, that will be the greatest stumbling block. But for the present it is a remote question. The evils which now beset Western Europe are quite sufficient for today.

We are now witnessing a pregnant and poignant drama. Can Western Europe pull itself together this year and next, for the issue may be settled in as short a time as that? Can it by its own united strength stem the tide of Russian aggression now threatening Finland and Scandinavia? Can it offer to its peoples the first fruits of an economic revival based on common use of its resources and productive capacity? Can it acquire the dynamism of a renewed and passionate faith in the freedoms which have been the lifeblood of its civilization? Will the United States help the builders to lay these first stones of the new Europe not only by tiding them over the first few difficult years, but by making common cause with them in defending by all the means in its power the ideals which have made both Europe and America? As Secretary Marshall has said, "The decisive factor for good in the present circumstances of Europe will be the action of the United States." That is one set of questions, to which the answers will be soon apparent. If they are positive, as well they may be, the configuration of a new western world will have begun to take shape. Its center of gravity will no longer be in Europe, as of old, but in the United States. It will no longer be divided by barren hatreds, but will seek the path to a better way of living together. It will abjure war except in defense of freedom itself. That will be the beginning of a real United Nations, no longer crippled by a split personality, but held together by a common faith.

Then there is another question. Are the rulers of the Soviet Union ready to risk everything, including war with the western world, in order to crush the rebirth of the European spirit and to achieve a world-wide Communist empire? We shall shortly know the answer to that question also. If it is negative, the first step will have been taken toward an accommodation between east and west. History is what men make it. We are now standing at one of its great divides.

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THE TASK OF ECONOMIC RECOVERY

By John H. Williams

MUCH has happened since I wrote last fall in these pages.[1] Then the European Recovery Program was in its initial exploratory stage. Following the completion of the Paris report of the 16-nation Committee of European Economic Coöperation, and of the Harriman, Krug and Nourse Committee reports here at home, President Truman submitted to Congress a program of European aid from which, after extensive hearings, emerged the Economic Coöperation Act of 1948 (Title I of the Foreign Assistance Act) signed by the President on April 4. Mr. Paul Hoffman was appointed the American Administrator, and Mr. Averell Harriman the American Special Representative in Europe. The program got under way at approximately the April 1 deadline that had been set, with no real break after the Interim Aid program which Congress had passed in the special session last December.

This is a record of bipartisan coöperation in foreign policy in which we may well take satisfaction. It was entirely understandable that the debate in Congress should center upon the amount of aid and the method of administration. Between July 1, 1945, and December 31, 1947, we had made to the Western European countries loans and grants of nearly $12 billion, of which about $10 billion had already been used up. When, on top of this, the Paris Committee — after substantially slashing its first draft in conference with Mr. Clayton — presented in September an estimate of $19.6 billion for the next four years, it intensified the discussion which had been going on ever since Secretary Marshall's speech in June. There were sharp differences of opinion as to how much more European aid our economy could stand without bringing on an inflation here that would defeat the program; whether dollars really were the cure for Europe's ills; and how we could make sure they would be spent effectively to promote recovery rather than merely to postpone the corrective measures which only the European countries themselves could undertake. The Harriman Committee reduced the estimated four-year cost to the Treasury to an amount which ranged from $12.5 billion to $17.2 billion depending upon whether more or less favorable as-

[1] John H. Williams, "Economic Lessons of Two World Wars." FOREIGN AFFAIRS, October 1947.

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sumptions were adopted; and the President in his message to Congress of December 19 proposed a $17 billion four-year program.

But it was quickly recognized that any figures beyond the first year were highly conjectural, and the debate centered upon the initial amount to be appropriated. The President asked for $6.8 billion for 15 months, and the only change made by Congress, in response to Senator Vandenberg's suggestion, was to reduce it to $5.3 billion for 12 months from April 1, 1948, thus giving Congress an opportunity to debate the matter anew early next year in the light of the first year's experience. Whether this is enough for the first year is of course a matter of conjecture. It can be affected either way by many circumstances. But it has, I think, been generally accepted both here and in Europe as an adequate indication of our serious intentions, and at the same time it is not so large, when spread out over the 16 countries and Western Germany, as to remove desirable pressure upon our Administrator and upon the European countries for making sure the funds are spent effectively. One great merit of the Act is the large measure of discretion left to the American Administrator. We are embarked upon an unprecedented program, involving diverse and to a large extent unforeseeable conditions in different countries, in which wise management will count for much more than detailed legislation. Meanwhile, the "watch-dog" committee set up by the Act will give Congress ample opportunity to keep in touch.

My chief concern, as I watched the Economic Coöperation Act take shape, was that in our absorption in the size of the appropriation and the form of the American administration, we appeared to have lost sight of what I had understood, after the Secretary's speech, to be the essence of the Marshall Plan — the need of an integrated program of European coöperation and self-help, upon which American aid was to be contingent. Our experience after both wars had been that piecemeal aid to individual countries is of doubtful effectiveness; and it was from this kind of procedure, as I understood, that we sought to get away.

The report of the Committee of European Economic Coöperation last September, made in response to the Secretary's request, was an impressive document, considering the short time in which it was prepared; but despite much excellent analysis and much emphasis on the need of European coöperation, what mainly emerged from it was the statement of the amount of aid required from us. This was understandable, since we had asked for

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such an estimate. The method adopted by the Committee in estimating the amount of aid was to aggregate the international deficits of the 16 countries over a four-year period. Though everyone who has attempted to make such estimates knows how much guessing is involved, there is probably no other way to reach a first approximation. In arriving at its estimates, the Committee tried to take account of the nature of the European problem as a whole and how much intra-European coöperation could be expected, including such difficult questions as the recovery of Western Germany and its future rôle in the European economy. The danger, nevertheless, in this approach is that it tends to put American aid on a bilateral basis.

An integrated plan of European coöperation could not, of course, be worked out in a few weeks or months, and the Committee emphasized the desirability of establishing a continuing organization. But apart from setting up a few committees or study groups to work on special problems, such as the possibilities of intra-European multilateral monetary clearance and customs unions, the Committee seemed almost to have disappeared from September until March, and the only organization functioning effectively was the United Nations Economic Commission for Europe in Geneva. This Commission includes some of the Eastern European countries that rejected the Marshall Plan, as well as those in the west which accepted it. It would be interesting to know whether this apparent lapse was due to action or inaction on our part or on the part of the Western European countries.

But whatever may have been going on backstage to retard Western European coöperation in the winter months, two events in March and April went far to restore the emphasis of the original Marshall Plan. On March 17 — perhaps in response to Mr. Bevin's speech in January calling for Western European union — Britain, France, Belgium, the Netherlands and Luxembourg signed in Brussels a 50-year Treaty, which provides for joint military defense against aggression and for coördination of efforts "to create in Western Europe a firm basis for European economic recovery." The Treaty sets up a permanent Consultative Council of the five Powers, and provides that they "may, by agreement, invite any other state to accede;" at the same time it leaves untouched their obligations under the United Nations Charter. The fact that concurrently with the signing of this

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Treaty President Truman called upon Congress for expansion of our defense program as well as for speedy passage of the Economic Coöperation Act should serve notice that, unlike the situation of 1914 and 1939, there can now be no lack of certainty as to the consequences of further aggression in Europe.

On March 15, the Committee of European Economic Coöperation was reconvened in Paris. It began its meeting with the adoption of a report which made an unfavorable impression upon American observers and confirmed the view that not much had been accomplished since the September report. Its keynote appeared to be that not much could be done, even by way of preparation, until our aid was forthcoming. Of the ten "measures of coöperation" cited in the report, seven were the work of the Economic Commission for Europe in Geneva, which had been set up, and its program laid out, by the United Nations, well before the 16 countries had held their first meeting in Paris the preceding summer. In agriculture, the coöperation cited had been accomplished by the Food and Agriculture Organization of the United Nations; and on manpower problems, apart from an inconclusive conference in Rome, progress had been entirely due to bilateral negotiations quite outside the 16-nation Committee. Of the customs union projects cited, the Benelux program, which long antedates the Marshall Plan, was the only one that had been actually adopted. A mixed commission has reported favorably on the prospects for a French-Italian customs union. Græco-Turkish and Scandinavian unions are still in the discussion stage.

The only measure to which the Committee could point as its own work was the Inter-European Monetary Compensation Agreement, for the clearing of trade balances of 10 participating countries, acting through the Bank for International Settlements as agent; and the results of the first three monthly compensation operations had been so meager that the Committee concluded that the agreement could not be "fully efficacious so long as the monetary crisis in Europe persists." My view is that only dollar reserves supplied for the purpose would make it work, and it seems clear from the first 12 months' allocations of American aid which have now been tentatively made by the Administrator that dollars for this project will not be supplied. This is one of the many difficult questions we shall have to face. Intra-European clearance, if it could be realized, would be an important step toward the breakdown of the network of bilateral trade and payment

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agreements in which the European economy is now entangled. But it may be that it will come most effectively at a later stage when more progress has been made in developing production and restoring monetary stability in the European countries. This need not mean, however, that there may not be at least partial alternatives, through the use, for example, as Belgium has suggested, of the local currency deposits which will arise from our grants, for the financing of intra-European trade.[2] Another possibility would be a loan from the International Bank to serve as a clearings reserve, which would be entirely in line with the stabilization — as against the "specific projects" — conception of the Bank's function.[3]

But though the Paris Conference began lamely it ended most constructively. Spurred on, no doubt, by the Brussels Treaty and by the passage of our Economic Coöperation Act, it adopted on April 16 a Convention setting up a permanent Organization for European Economic Coöperation, including the 16 countries and the western zones of Germany, with headquarters in Paris. The Convention provides for a Council under the chairmanship of Premier Spaak of Belgium; for an Executive Committee of seven members, under the chairmanship of Sir Edmund Hall-Patch of Britain; a permanent Secretariat, with the French economist, Robert Marjolin, as Secretary-General; and a number of technical committees. The rôle that this European organization will play, in coöperation with our Administrator and our Special Representative in Europe, may well be the decisive factor in determining whether we shall have a truly integrated plan of European recovery, or merely a series of loans and grants to the individual countries, based on their external deficits.

II

From this brief survey of how the means and the machinery of the European Recovery Program have been provided we turn to the task itself. It is begun under better conditions than seemed probable a year ago. Some of the sense of impending crisis has passed. As regards our own economy, it now seems clear that the program will not produce such inflationary pressures as were feared. In magnitude it represents a continuation rather than an

[2] Since this was written, it has been reported that a proposal of this nature has been tentatively agreed upon by the finance ministers of the five Powers of the Brussels pact.

[3] For discussion of this important distinction, see my "Postwar Monetary Plans." (New York: Knopf, 3rd edition, 1947, Ch. 1, p. xxix–xxx.)

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expansion of our earlier postwar aid to Europe. Pressure upon us of world demand as a whole has somewhat abated, and our export surplus this year promises to be considerably less than last. We appear now to have a better balance of inflationary and deflationary forces than at any time since the war ended. It seems not improbable that the great growth of our national product since 1939, combined with the pronounced rise of prices that followed the breakdown of OPA and continued with intermittent interruptions to the end of last year, may by now have caught up with the wartime expansion of our money supply; we perhaps have more to fear from specific pressures upon goods in short supply than from over-all inflation. But even in this respect our situation has improved. The break in the grain markets in January and February was in response to the changed statistical outlook in agriculture, both here and in the world at large. No other single change would do more to lessen inflationary pressures in Europe, both internally and externally, or provide more favorable conditions for the first year of the Recovery Program, than the agricultural improvement that seems in prospect.

Meanwhile, we must take account of the fact that some new inflationary threats have appeared at home. Not the least is the third round of wage increases whose outcome, as I write, is still unclear. In addition, we have had the tax reduction and the new program of rearmament. As regards the last, as the President's Council of Economic Advisers pointed out in its April report, there has now been enough abatement of demand, including foreign, to permit us to absorb safely some expansion of military expenditures. It seems clear, too, that such expenditures will come mainly next year rather than this. If, by then, the combined pressures of postwar demand for consumption and capital goods that have been taxing our economy to capacity have somewhat eased off, and if the foreign situation is not more acute in its political aspect and shows the economic improvement that seems now not unlikely, the general effect here may be one of sustained high activity rather than more inflation. All in all, it now seems probable that we shall have a better balanced situation than in previous years, and that our immediate problem will be mainly one of guarding against bottlenecks, as, for example, in steel, that might require some method of compulsory allocation.

In Europe, also, the situation is becoming clearer, and seems in many ways more encouraging than a year ago. The complete

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absorption of Czechoslovakia by the Russians was a severe blow to our hopes for east-west coöperation, but in France and Italy the Communists' bid for power has been withstood. On economic conditions, much the most illuminating and comprehensive survey that has yet appeared is that published by the Economic Commission for Europe on March 30. It shows that by the end of last year, for a group of 15 European countries including Western Germany, industrial production had recovered to about 90 percent of the 1938 level, and, excluding Germany, to about 105 percent. This is a much more rapid recovery than after World War I, when the prewar level of output was not reached until 1925. From this and other sources it seems clear that the only countries in Western Europe where production is still seriously lagging are Italy, Austria and Germany; and it continues to be true, as I emphasized in my paper last fall, that Germany, where production is still less than 40 percent of prewar, constitutes the most serious drag on recovery in Europe.

From this evidence of improvement in Europe two most interesting questions arise. How, in so short a time, and before the Marshall Plan had even gone into effect, could so pronounced a change for the better, as compared with last summer's sense of crisis, have come about? And why, if recovery has been so much more rapid than after the first war, is such a large-scale, four-year plan of American aid required? The answers to these questions go far to indicate the nature of the postwar problem. It is necessary to recall that the depression in this country in 1920–21 gave a severe setback to European recovery and that the failure to provide a governmental program of American aid halted the recovery abroad. Also, Europe's inability to finance her raw material and other capital requirements contributed heavily to depression here when our export surplus collapsed in the second half of 1920. The progress that has been made since 1945, with American aid less coördinated but quite as large as that now planned, provides grounds for hoping that our present program may succeed, but not for concluding that it is unnecessary.

Important aspects of the European recovery thus far have been its irregularity and its limited character. It was really pronounced only up to the end of 1946, and was achieved in part through the depletion of available domestic stocks; when these had been drawn down to abnormally low levels, the expansion came to a halt and in some cases was reversed. Last year was mainly one of

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recession and subsequent leveling off in production. Among the retarding factors were the severity of the winter of 1946–1947, the summer drought, the resulting food crisis, and the fuel shortage. But even apart from these, as after the first war, the shortage of industrial raw materials needed from abroad severely limited the further expansion of output. Over the whole situation hung the interrelated maladies of domestic inflation and external deficits; and it was the dramatic deterioration in these two fundamental factors in the last half of 1947 — punctuated by such events as the British convertibility crisis and the astonishingly rapid melting away of our loan to Britain, and by the runaway rise of prices in France and the threatened exhaustion within a few months of French gold and dollar reserves — that most decisively indicated the need of a large-scale, long-range program of American aid integrated with European coöperation and self-help.

This year the reports from Europe have been much more favorable, and leave little doubt that the recovery has been resumed on a substantial scale. In the first quarter, production in Great Britain, Norway and Denmark was some 20 percent above prewar, and some 10 percent above in France, Sweden, Belgium and the Netherlands; all had reached levels considerably higher than in 1947; but apart from Ruhr coal, production in Germany, Italy, Austria and Greece was still seriously lagging. Basic in the resumption of recovery has been the much improved availability of coal, which normally furnishes about four-fifths of Europe's fuel supply. American interim aid and the mild winter helped build up stocks. Polish coal exports have steadily expanded. In Britain, the efforts to speed up coal mining are now meeting with substantial success; it now seems probable that the target of 211,000,000 tons for this year which Britain gave to the Paris Conference last summer will be more than reached; and British coal exports are again becoming an important factor. The one bright spot in Germany is the marked expansion of coal output in the Ruhr. Surely one of the most hopeful signs of recovery in Europe is the prospect that Europe will soon again be self-sufficient in coal. Along with this has come substantial improvement in the output of steel and of nitrogen fertilizers, badly needed for the rehabilitation of European agriculture. In Britain the yearly rate of steel production in April exceeded 15,000,000 tons, an all-time record, while in France, where steel output had been seriously lagging, the level has now reached that of 1938.

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Other important indications of European recovery are the rapid restoration of the transport system, and the steps that have been recently taken to relieve labor shortages by the shifting of Italian workers to France and Belgium, and of some displaced persons from Germany to Britain.

III

These signs of progress in Europe, and quite possibly of a better balanced situation here at home, are most encouraging. They indicate that, with wise management, we may by 1952 have got a long way toward our goal. But it will help our perspective, and guard against undue expectations, if we examine more closely the nature of the goal and what its accomplishment involves. The external deficit is the crux of the European problem. To find a solution of it has been the main object of our efforts. As stated in the Economic Coöperation Act, the objective is "the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance."

But the subject is complex and has given rise to a great disparity of views, among economists as well as laymen. As so often in economics, the differences may be mainly in emphasis, but it is just such differences that determine policy. Undoubtedly to some extent the deficits in the balances of payment of the European countries are a consequence of the internal inflation, which raises the cost of exports and attracts imports; and this condition points to the need for correcting the internal inflation as the cure for the external deficit. This is the basis of the view that "dollars cannot save Europe," but may only postpone corrective measures. A view allied to this is that the European currencies are overvalued and that the cure of the external deficit is to let them depreciate to the point where the external value of the currency is brought into line with the internal price inflation. Within this general framework there have been numerous analyses which attempt to show with more precision what the inflationary pressures are and how they might be cured. Obviously, when demand exceeds supply at the existing price level — and that is what inflation is — the reasons must be excessive expenditure for private consumption, or for capital goods, or for the needs of government; and it is just as obvious that such expenditures absorb resources that might otherwise produce exports, and (if foreign loans or gifts can be found to finance them) invite imports

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to fill the gap between home production and expenditure. It is thus literally true that reducing home demand relative to home supply would remove the external deficit.

But many such analyses seem to me little better than exercises in arithmetic. Familiar prescriptions advise tightening the consumers' belts and balancing the governments' budgets. Another which has come in for special emphasis during the past year has been to reduce capital expenditures. This is the thesis of Roy Harrod, the English economist, whose book "Are These Hardships Necessary?" has commanded wide attention and run rapidly through two editions.[4] His answer, quite simply, is no; Britain has only to reduce her capital expenditures to reduce her foreign deficit. His arithmetic is impeccable. But any other reduction of home expenditure would give the same result, and one is led back to the economic question of what can actually be done, and what it is advisable to do, in the given situation.

Interwoven with such analysis, and a great storm center of debate, is the question of methods — whether to return to a free-market economy, bring the inflation out into the open, and cure it by general monetary and fiscal measures, or to continue with the direct controls (a heritage of the war) that have resulted in the "repressed" inflation which threatens to paralyze the whole economy. This is a most tangled subject, and it is often difficult to separate objective analysis from philosophical predilection. We saw, in all countries, that free-market methods are not workable in a war economy. It was a question of the magnitude of the changes involved and of the adaptability of the economy to such changes. This is still the question in Europe, but with the important added facts that, first, the will to submit to direct controls is weakened in peace, except in a police state where the individual will does not count, and second, that the production-consumption objectives are not nearly so concentrated and clean-cut as in a war economy.

But it comes down to a choice of evils. Open inflation, too, can be a most destructive process, as we saw after the first war. Moreover, the European countries are by no means wholly free to choose, and what we find in practically all of them is some combination of free-market methods and direct controls. In all there is a tight control over the balance of payments and a network of bilateral trade agreements. Internally, Belgium and the Nether-

[4] Roy Forbes Harrod, "Are These Hardships Necessary?" London: Rupert, Hart-Davis, 1947.

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lands, and more recently France and Italy, have been working away from direct controls and relying increasingly — and with considerable success — upon monetary and fiscal controls, though one might question whether anti-inflation is not being somewhat overdone in Italy. But in England the response to last summer's crisis has been in both directions. This year's new budget calls for a substantial surplus, imports of consumption goods have been further curtailed, and capital expenditures reduced; but also further direct steps have been taken to control labor mobility, and to stabilize prices, costs and profits. There is, of course, much complaint that the economy does not function well, but how much of the blame to assign to the severity of the problem and how much to the defectiveness of methods is the difficult question. As regards production, and the ratio of exports to total output, Britain's record after all is among the best in Europe. But so serious is the balance-of-payments problem that, despite the improvement in output, British reserves are still substantially and rapidly diminishing.

This brings me back to the external deficit. If Europe's problem were only that of repairing war damage and reconverting to peace, it would still call for some external aid during the transition period; and inflation, whether open or repressed, could best be fought by a combination of such aid, to help restore production, and of internal measures to restrain demand. There would, I think, be a strong presumption that in the course of the transition period — though not as rapidly as in the United States, because in Europe the scarcities were more acute and productive capacity much less — direct controls should give way to free-market processes. But this is not at all the correct picture. There is nothing in economic history comparable with the structural change that has occurred in Europe's international position.

The pattern of international trade that developed in the nineteenth century has been entirely altered. We saw this only gradually after the war, and the Marshall Plan is the product of our better insight; but we shall probably be long in realizing its full implications. I have in my own thinking dropped the distinction between "transition" and "normal." It is now three years since the war ended; the Recovery Program is to cover another four, and no one knows what the structure or the condition of the world economy will be then, except that it will conform to nothing that we heretofore have known as normal.

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Before the war, Europe had a deficit in trade with the western world but a surplus with the east. Within Europe, trade rested upon a triangular relationship in which Germany sold on balance to the other countries, while England was a net importer from the Continent. Throughout the world, trade rested on multilateral relations, in which sales on balance to Europe were the characteristic feature. Underneath such arrangements lay Europe's income from foreign investments built up over a long period, and from shipping and other services. This is the structure that has now been swept away. As given in the E.C.E. report, Europe's income from investment and services has declined from $2.1 billion in 1938 to a deficit of $0.6 billion in 1947. The British "Economic Survey for 1948" compares a net surplus of receipts from non-trade items of $928,000,000 in 1938 with a net deficit of $904,000,000 in 1947. But even such figures do not give the full magnitude of the change. With Germany partitioned, the adverse foreign balance of the western zones, at a prewar living standard, would be not less than $2 billion. To cover this by any other method than American relief would require a corresponding expansion of their exports. And to this must be added substantial allowances for the disruption of east-west European trade, and for the pronounced lagging of intra-European trade generally, which is a point particularly stressed in the E.C.E. report.

IV

This is not a picture which suggests an early or an easy remedy. Though European recovery thus far has been encouraging, production will have to be carried very much beyond any previous level to achieve "a healthy economy independent of extraordinary outside assistance." For the new international structure, prewar benchmarks have no meaning. In the background of the problem lies the fact that there was evidence before the war that the structure of trade was changing in ways now so dramatically brought into the light. I tried in my earlier paper to trace the course of change, the resulting contraction of trade, and the decay of multilateral trade. Deep-seated in the whole process has been the growing predominance of the United States, resting on cumulative advantages of size and technological progress, and expressing itself in the so-much-discussed chronic dollar shortage.

What ultimate answer there may be for this disequilibrium in which trade runs persistently in our favor and against Europe —

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a disequilibrium now so greatly intensified by the war — one cannot foresee, but two parts of an approach to the answer do seem clear. We must think of the objective of the Marshall Plan in terms of reshaping the European economy and adjusting it to its changed world position, and of making the necessary adjustments in our own. We must also regard it as the beginning rather than the end of the adjustment process.

It is not my purpose here to discuss in detail the policies or procedures of the Recovery Program. Perhaps at this stage, from the outside, one can do little more than prepare the ground for such discussion. But some points must be emphasized. One that I mentioned earlier is that the task is one of clear thinking and good management. Another is the importance of seeing the problem as a whole, and getting Europe itself so to regard it. The permanent Organization of European Economic Coöperation is a long step forward, though valuable time was lost. I have not been much impressed by the "study groups" or the thinking about European coöperation in terms of customs unions or some of the other "measures of coöperation" which hold out little hope of reasonably short-term results. As the Benelux experiment indicates, a customs union (or even a low-tariff union) is at best a long-drawn-out process of negotiation, which then leads on to questions of coördination of fiscal and monetary policies, and implies more yielding of sovereignty than countries will accept save by a slow process. Such studies should continue, of course, but they seem to me quite secondary to the central task of analyzing the European economy as a whole, and accepting the responsibility, in the first instance, for an integrated plan that sees beyond the immediate national interests of its members.

The O.E.E.C. should be the counterpart in Europe of our own Economic Coöperation Administration, with the individual European countries working through it rather than directly with ourselves. One of its chief tasks should be coöperation with our Administrator, through our Special Representative in Europe, in making decisions about the uses of the foreign currency deposits which are to be set aside by the participating countries in amounts equivalent to the dollar costs of goods supplied as grants-in-aid. Since these grants will be much the larger part of our aid (though the ratio of grants to loans will vary from country to country), the uses made of them will be a major determinant of the success of the whole program. The problem is complex and

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delicate, and could easily be a chief source of friction and confusion both at home and abroad. We have wisely left almost complete discretion to the Administrator, beyond a general statement that the purposes should be to promote production and trade and correct inflation. But with conditions so different in the various countries, it will be difficult to say in advance what the operations should be or how they should be timed; and the placing of initial responsibility upon the O.E.E.C. should not only result in a better integrated program, but go far to meet the charge that we are interfering in the internal affairs of individual countries.

One other point that must be emphasized is that the Recovery Program is primarily a program of investment, even though this will involve food as well as raw material, equipment, or other kinds of capital goods. It may well be true, as the Harriman Committee indicated and as Mr. Harrod contends for England, that European capital expenditures have been excessive. But this is relative. It is important to distinguish between capital outlays that increase output and productivity and those for housing or general welfare that do not contribute so directly; and it is important also to distinguish between longer and shorter-run investment, with a presumption in favor of the latter. But it defeats the whole program to lose sight of the fact that Europe's most essential need is for capital expenditure. This would be true even though the task were merely that of postwar rehabilitation following wartime underinvestment. But the picture which I have tried to draw of the structural change in Europe's international position can point to no other conclusion than that the way out, if Europe is to become independent of "extraordinary outside assistance," must be through the development of her export capacity and of home production in place of imports.

Another major aspect of the problem is to revive intra-European trade, and to break down, so far as may be, the obstacles to east-west trade. It would be a shortsighted policy to coöperate with Russia by playing her own game. The best way to meet it is to promote Western European production to the point where Eastern Europe cannot afford to forego the advantages of trade. There have been some indications from Geneva that Russia is not wholly impervious to this kind of persuasion, and the continued existence of the Economic Commission for Europe might well be the vehicle for such developments. Given continuance of the recovery such as now seems in prospect, and enough evidence

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of determination to stand together militarily and politically, Western Europe, with the aid of the Recovery Program, might produce a changed attitude toward east-west trade. In view of the predominantly agricultural character of Eastern Europe, the concentration of industries in the west, and the need for outlets for industries in the in-between countries like Czechoslovakia and Poland, it is difficult to believe that the economic relationships will not in the end prevail. At any rate, short of supplying war goods, the better policy is to keep the door open.

The lagging of trade among the Western European countries seems to me preëminently a problem for the Organization of European Economic Coöperation. As I suggested earlier, it is partly a question of financing and of developing a clearings mechanism. But it is partly also a question of trade negotiations, which might be worked out through the O.E.E.C. into something approaching multilateral trade, as part of a program of coördination made possible by American aid in expanding output. For the present, this seems to me a more promising approach than our actually financing an intra-European clearings mechanism.

V

As I said earlier, the Recovery Program must be regarded as the beginning rather than the end. A new pattern of international trade must be developed, and with it a much more complex body of principles and procedures than applied to the old one. Though Americans are thinking about Europe now, the internal stability and external relations of our own economy present questions no less difficult. The object of the present program is to reduce Europe's external deficit by 1952 to a level that will obviate the need for extraordinary outside assistance. But in the new pattern, world trade will require American foreign investment as the balancing agent and the means of growth almost as surely as the pattern of the nineteenth century was evolved through European foreign investment. This seems the basic aspect of the structural change in international relations which, starting perhaps before the first war, was brought into full effect by the second.

What is meant by the goal of the Marshall Plan, therefore, is that, as we hope, the formal machinery of American administration of aid, mainly in the form of grants, can be terminated. But it would be a mistake to assume that by 1952 the European problem will be solved, or that we can foresee now what the

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further processes of adjustment will be. So far, since the war, we have had a condition of sellers' markets, and while this has not been an unmixed blessing for Europe because of the effects of inflation on the terms of trade, it has meant that exports have been limited by capacity to produce much more than by competitive costs. But besides the great changes in the underlying structure of world trade, there have been changes in tastes, in growth of secondary production in newer countries, and in productivity; and when the present abnormal demands for goods have abated, these changes may well have an important effect upon the trade position of the European countries. The restoration of European equilibrium will have to be a process of increasing productivity through capital investment, and perhaps also in part a process of turning inward, with home trade growing in relation to foreign trade. Some European economists favor this latter as the ultimate solution; but it is difficult to see how populations so dense as those in Europe can subsist on a reasonable living standard by turning inward. A more likely course would be the development of colonial areas and other relatively undeveloped parts of the world; but this suggests a long process.

As the creditor country in whatever new trade pattern is to be evolved, we should be prepared not only to invest abroad after 1952 — though increasingly in the form of private investment — but to import the goods our capital creates. Unfortunately, this is more than a question of reorienting our commercial policy, difficult though that is. Much more deeply, it is a question of correcting the disequilibrium arising from our cumulative productivity advantage, combined with abnormally strong demand for our consumer durable goods and capital goods. International trade theory in the nineteenth century took no account of such chronic maladjustments. The answer to this problem — or to England's problem, now that her trade position built up through generations has turned against her — does not readily suggest itself. No less a question is the maintenance of economic stability at home. It was our great depression of the thirties that caused other countries to turn their backs on multilateral trade and seek security in protective trade and currency devices. A recurrence is what Russia hopes for, and the rest of the world fears. One can thus find plenty to temper undue optimism as regards the longer future. But for the present things are not going badly, and the outlook for the Marshall Plan seems much better than a year ago.

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THE CZECHOSLOVAK REVOLUTION

By Sir Robert Bruce Lockhart

GOVERNMENTS and democracies fall not because their opponents are strong, but because those in power fail to do things that need doing. So wrote Harold Laski in February 1943. The axiom is not original. It dates from the days of Thucydides and has been repeated ever since by various historians. With reservations it applies to the Czechoslovak revolution of February 1948. The starting point of this revolution was Munich; the period of development the Second World War; and the mainspring of action the emergence of Russia as the strongest military power in Europe. To understand what happened we have therefore to go back to September 1939.

At that time Dr. Beneš, who had resigned in October 1938, was in exile in England. M. Gottwald, the present Prime Minister of Czechoslovakia, and a small group of Czechoslovak Communists were in Moscow. So long as the Russo-German Pact remained in force, these Czechoslovak Communists remained in the background. They had no access to the Kremlin. They were, in fact, being kept in reserve. Dr. Beneš welcomed the war, partly because he maintained with some justification that it had started with Munich, and partly because he saw in it the only opportunity of liberating his country. Even in the darkest moments he never doubted Britain's final victory. Optimism has always been his greatest virtue and overconfidence his greatest fault. Nevertheless, under the Chamberlain Government his position was uncomfortable and unpromising. The chief aim of the British Government was to keep France in the war at all costs, and France, unable to forgive the man whom she had wronged, not only opposed even informal recognition of Dr. Beneš, but actively encouraged his Czechoslovak opponents of whom the late Dr. Milan Hodža was the most embittered. The ex-President also had enemies in the State Department in Washington.

During this period his patience was exemplary. Pinning his faith on Mr. Churchill and Mr. Eden, he awaited the development of events with the confidence of prescience. He was of course not idle. At this stage of the war his secret communications with Czechoslovakia were good, and with indefatigable energy he established himself as the leader of the Czechoslovak resistance move-

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ment. He was ably and loyally assisted by Jan Masaryk, who pleaded his chief's cause with great effect on the radio and in speeches.

The rewards of patience were not long in coming. The advent to power of Winston Churchill, followed by the collapse of France, altered radically the status of the Czechoslovak exiles in Britain, and in July 1940 the British Government accorded recognition to a Provisional Czechoslovak Government with headquarters in London, and restored to Dr. Beneš his title of President. Dr. Beneš was grateful, but not wholly satisfied. He wanted full recognition of the juridical continuity of the Czechoslovak state in the form in which it existed before Munich. In spite of the obvious legal difficulties his request was granted. In June 1941, Mr. Eden announced to an enthusiastic House of Commons that His Majesty's Government no longer recognized the validity of the Munich Agreement.

It must be admitted that the hand of the British Government was to some extent forced by the action of Russia who, coming into the war in June 1941, wasted no time in recognizing the Czechoslovak Government in London. President Beneš was jubilant and, as long as the issue of the war on the eastern front remained doubtful, his confidence was justified. His policy for a restored Czechoslovakia was clear-cut. It was based firmly on the close and friendly coöperation of the Anglo-Americans and the Russians in the maintenance of peace after the war. As a westerner he hoped that the Anglo-American forces would liberate Czechoslovakia or, at least, Bohemia including Prague. He was therefore an ardent supporter of the Second Front from the beginning. As the war progressed, the delay caused him some misgivings, and by the end of 1942 he was seriously afraid lest the war in Europe would be over before the Anglo-American forces landed in France. With increasing military success the Russians began to rely less and less on the Anglo-Americans. Coöperation, never easy, became more difficult, and after the relief of Stalingrad Moscow began to attack the Polish Government in London and to move forward its own Polish pawns. It was a pointer to President Beneš who, with his essentially tidy mind, had now only one ambition: to obtain Russian concurrence with his plan for a democratic Czechoslovakia. In December 1943, against the advice of the British Government, he went to Moscow. He came back to England, if not as confident as before,

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considerably reassured. His journey, which followed a successful visit to the United States, had been satisfactory. The Russians, he told me, had received him with honor. For the Kremlin dinner which Stalin gave him, the Generalissimo had asked him to choose his own guests. He had taken with him two or three of his own Communists. They had acknowledged gratefully that this was the first time they had been privileged to enter the Kremlin and to meet the great Stalin. President Beneš believed that Czechoslovak Communists were not as other Communists, and his belief was widely shared in the United States and Britain.

Unfortunately, as the war approached its end, the balance of actual power swung more and more heavily from west to east, and when in February 1945 President Beneš left England to return home, he had to take the hard road through Moscow and Slovakia. When he reached Košice, he was the prisoner of Russia's progress and was more or less forced to accept an agreement which gave great power to the Communists. The failure of General Patton's Third Army to relieve Prague when it was within easy striking distance of the capital was an additional blow to his hopes, for the Communists were able to hail the Russians not only as the liberators of Czechoslovakia but also as the real victors of the war and to attribute sinister motives to the hesitation of General Patton who, in point of fact, was acting under superior orders. Although the first Government after the liberation was composed of the four parties that were permitted to exist and constituted a so-called national front committed by agreement to coöperation and to parliamentary democracy, the real power lay with the Communists, and the first victory celebration of May 1945 was mainly a Red triumph with the flags of the hammer and sickle vastly outnumbering the Czechoslovak national colors. The elections of May 1946 confirmed the ascendancy of the Communists, who were returned as the largest party in the state, but without a majority over the three other parties. The National Front was, therefore, maintained, but the key positions in the Government went to the Communists. M. Gottwald, who had spent the war in Moscow, became Prime Minister in place of M. Fierlinger, a vacillating Russophile Social Democrat, and the Reds strengthened their hold on the Ministries of Defense, Information and the Interior.

Obviously President Beneš was faced with far greater difficulties than he had expected. His personal popularity, however,

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was great, and with courage, tempered by prudence, he began to reëstablish his personal authority. Aided by UNRRA, whose generous help relieved the dangers of the immediate post-occupation economic crisis, he succeeded so well that by the spring of 1947 the tide of Communism seemed to be on the ebb. President Beneš and Jan Masaryk were the two most popular men in the country, and at the victory anniversary of 1947 the Czechoslovak national flag was predominant. This decline of Communism, confirmed by the most competent observers, was to sound the death-knell of Czechoslovak democracy and to prepare the way for the events of February 1948.

II

In May 1947, I revisited Czechoslovakia as the guest of Jan Masaryk and stayed with him in his flat at the top of the Czernin Palace. I had several long talks with President Beneš. He had aged greatly since I said good-bye to him in 1944, but his energy seemed unimpaired. He showed, too, no lack of confidence. The Czechs, he said, were a rational people to whom Communism made no great appeal. Slovakia presented certain difficulties, but they would be eliminated. The Republic was recovering both its political sense and its economic prosperity. M. Gottwald was a reasonable man who believed in parliamentary democracy, and under parliamentary democracy there was little chance of Communist domination. Indeed, Beneš assured me, the elections of 1948 would see a reduction of the Communist vote; not a great reduction perhaps, because the Czechs were a slow-moving people, but sufficient to restore confidence. He had only one fear: the growing discord between the Anglo-Americans and the Russians. He was still obsessed by the failure of the Americans to liberate Prague, harped continually on its adverse effect, and said that he had never understood the decision which compelled General Patton to inaction. When I took my leave of him, he told me to tell Mr. Eden that he had been through the two most trying years of his life, but that the worst was now past.

With Jan Masaryk himself I talked every night. By and large, he shared President Beneš's optimism. Provided that there was no breach between the Anglo-Americans and the Russians, all would be well. The behavior of the Russian troops in Czechoslovakia had cured both Czechs and Slovaks of their exaggerated enthusiasm for Russia. He himself had recently addressed a large Com-

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munist meeting, had praised Winston Churchill and had been cheered. On Sunday he took me to a great Pan-Slav gathering on a grassy slope near Tabor in commemoration of the Czech Partisans who fell in the war. The huge crowd was composed mainly of Communists. The redoubtable Rudolf Slansky, Secretary-General of the Communist Party and himself a valiant Partisan during the German occupation, made a fiery Communist speech. Jan himself was one of the last speakers, and I wondered nervously how he would fare. Within a few minutes he had the vast assembly in the hollow of his hand. He made them laugh, he made them cry, and to this Pan-Slav audience he preached the gospel of world brotherhood and world peace. At the end he was nearly mobbed by men and women of all ages seeking to shake his hand. On the long drive home he was cheered in every village. He was tired but elated. Between the two wars he was regarded by most of his countrymen as the favored son of a great father. Now he knew that he was loved for his own sake, for his inspiring broadcasts during the war, and for his inspired work for peace. He, too, felt that Czech Communists were not like other Communists.

I also had talks with other ministers including M. Gottwald. He was cautious but not unduly so. Czechoslovakia, he told me, needed peace for her reconstruction. The German occupation had left the country without investment capital. He would welcome an American credit if it were given without political conditions. The Government, he assured me, had completed its program of nationalization. Czechoslovakia would carry out her revolution in her own way. All that she demanded from the outside world was no interference in her internal affairs. I asked him whether he had any reason to complain of interference. He replied cryptically: "The Russians do not interfere, although of course we rely on them for our security. Our people have not forgotten Munich. As for the Iron Curtain, you can see for yourself that it does not exist here."

His statement was true. At that time Prague seemed to me to have changed little and the countryside not at all. In Prague itself Kravchenko's "I Chose Freedom" was on sale everywhere, and at Topič's, the leading bookshop, one large window-front was dressed with stacks of Churchill's war speeches in a Czech translation. There was, too, a rich profusion of American and British books and magazines.

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In spite of these external evidences of freedom, I found pessimists among my Czech friends. In particular, M. Ripka, the Minister of Foreign Trade, was full of forebodings. Czechoslovakia's economic recovery was more apparent on paper than real. Nationalization had had a cramping influence on production. It was becoming daily more difficult to sell Czech goods abroad. Above all, trade with Russia was beset with vexatious hindrances and delays, for the Russians were always late with their own deliveries and high-handed in their rejection of Czech goods which they had ordered. It was M. Ripka's opinion that without her western and overseas trade Czechoslovakia could not exist except at the cost of a drastic reduction of her standard of life. What perturbed him most was his conviction that, despite the unsatisfactory trade relationship with Russia, Russian influence was increasing in the Czech factories.

Nevertheless, even M. Ripka was confident that, if elections were free, the Communists would lose ground. As the British and American Ambassadors shared this view, and as both knew the country well, I felt reasonably reassured. The two disturbing factors were the enigma of Russia's attitude and the state of Beneš's health. With Munich and the German occupation fresh in their minds all Czechs from the President downward looked to Russia for military security and set a high value on the Russo-Czechoslovak Treaty. At that moment the general public had no qualms about President Beneš's health. It was known that he had broken down in the middle of a speech. But his withdrawal was attributed to overwork, and it was only in ministerial and diplomatic circles that one heard the suggestion that he was no longer the man that he had been. His own doctor was discretion itself, but let it be known privately that the President had some trouble with an old affection of the ear which had temporarily disturbed his balance. The news was not alarming. Indeed, it was meant to allay official uneasiness. Nevertheless, it was sufficiently disturbing to induce Sir Philip Nichols, the British Ambassador, who had known President Beneš intimately for seven years, to modify his estimate of Czechoslovakia's ability to survive as a parliamentary democracy. Two conditions were now essential: no change in the mental and physical vigor of Dr. Beneš and no change in Russia's attitude to the existing equilibrium.

Unfortunately, both were to undergo radical alteration. In June Secretary Marshall announced the general outline of his

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plan for assisting European recovery, and, as the plan began to take shape, the Czechoslovak Government was eager to share in its benefits. Moscow, however, put its foot down. Acceptance of American aid meant submission to American capitalism. Moscow could supply all that Czechoslovakia required and could consume all that Czechoslovakia could manufacture. The Czechoslovak Government submitted. In July President Beneš had another breakdown. This time it was said that he had been affected by the sun of an exceptionally hot summer. Within four months the whole situation had changed for the worse. Communist propaganda against the west became more violent and the security police of the Ministry of the Interior more active.

The first serious breach in the National Front occurred in October when Jan Masaryk was in the United States. Slovakia was the weakest link in the Communist armor. It had to be strengthened, and the simplest method of reducing the power of the anti-Communist Slovaks was a charge of conspiracy against the state. The security police duly discovered or invented a plot. To the Communist mind opposition to the Communist Party and criticism of the Russo-Czechoslovak Treaty of Friendship represented treason. The Communists demanded changes in the Slovak Board of Trustees, and the other parties acquiesced, partly in order to maintain the National Front and partly because many Czechs who had no sympathies with Communism could not forget Slovakia's defection at the time of Munich. The Communists were encouraged by their success. From now on, their trump cards were to be charges of conspiracy against the state and espionage for a foreign power.

Early in December Jan Masaryk spent three days in London on his way back from New York to Prague. I had two long talks with him. He was exhausted, wished to see nobody, was eager to return home, and was irritated when bad weather delayed the arrival of his plane by one day. His visit to the United States had disappointed him. He was alarmed by the growing friction between the United States and Russia and by its effect on the situation in Czechoslovakia. His dream of world brotherhood and world peace was shattered. The real trouble, he said, was ignorance. The Americans knew nothing about the new Russia; the Russians knew even less about the New World. I asked him about Beneš's health. How ill was he and what was the matter with him? Masaryk was quite frank. Strain and years

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of hard work had undermined the President's constitution. He had had a minor stroke in the summer. It had caused a temporary impediment in his speech. If he could be persuaded to limit his work to half a day, he could carry on. He, Jan Masaryk, was going back to Prague to ease Beneš's burden and to take an active part in the election campaign. I told him that we were anxious about the election and that we had heard rumors of Communist infiltration of the police and armed forces. There had been infiltration, he admitted, but the other parties were watching it, and it had not gone far. Although he spoke with unaccustomed bitterness of Fierlinger, he still had confidence in Gottwald whom he had always liked. As for the elections, he did not lack confidence. If they were fair, the Communists would lose seats. Whatever happened, Gottwald would not get his 51 percent majority. Then he added gravely: "That is, of course, if the Russians do not interfere." He made it sound a much bigger "if" than ever before. He knew that he was going back to trouble. I felt instinctively that I should never see him again.

III

From the beginning of 1948 the four parties of the National Front were engaged in trying to agree on a date for the election. Before the day was fixed, the crisis broke when on the morning of February 20, 12 ministers of the anti-Communist parties resigned. The avowed reason for this action was the refusal of Prime Minister Gottwald to accept a majority decision of the Cabinet to cancel the appointment of eight Communist police officials in Prague. The Communist reaction was immediate. Denouncing the resignations as the first move of a reactionary conspiracy to exclude the Communists from the Government and to link Czechoslovakia to the western bloc, Gottwald called the workers into the street. They came in great numbers. The workers' militia, armed with new rifles, paraded. Action Committees, taking control of the factories and villages, reduced the so-called reactionaries to impotence. Purges began at once not only in the political departments but also in industry and in the universities and schools. Before this wave of class warfare the Social Democrats, who should have held a key position but were divided among themselves, collapsed miserably. The only show of resistance was a counter-demonstration by a section of the Prague

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students. Within 24 hours the Communists were masters of the country and, while President Beneš was still hesitating to accept the resignations of the 12 ministers, the "model western democracy" of Czechoslovakia had been transformed into a Communist state of the recognized Russian pattern. After a bewildering silence President Beneš was said to have accepted the resignations and to have given his approval to the new Government established by Gottwald who, by including in his Cabinet Social Democrats and weaklings from the two right-wing parties, gave his coup a façade of constitutional authority. By remaining in the Government, Jan Masaryk seemed to confirm the legality of the Communist action.

These are the bare facts, but they are not to be explained by the rival claims of the two contending forces. Whatever the political refugees may say today, I do not believe that the 12 ministers had any intention of ousting the Communists from the Government or of forestalling a Communist coup d'état before the elections. Their sole object was to obtain a tactical success and to ensure that the Communists would not interfere with the elections either by intimidation or by chicanery. If they had any higher ambition, it was to enforce by constitutional means the resignation of the Minister of the Interior. They were confident of winning free elections on domestic issues, for economic stringency and food shortages had created widespread dissatisfaction with the Communists.

On the other hand, the Communist story that by brilliant tactics Gottwald scotched a dangerous conspiracy in favor of the western Powers is absurd. Dislike of Communism was strong among the Catholics and Popular Socialists. Inevitably this dislike extended to Russian methods and favored acceptance of the Marshall Plan, but it was outweighed by the deep-rooted fear of Germany which, today as always, is the strongest sentiment in Czechoslovakia. There was, therefore, no serious criticism of the alliance with Russia or of the foreign policy of Jan Masaryk. The delicate internal equilibrium which in her difficult geographical position Czechoslovakia sought to maintain depended on the maintenance of the European balance of power. As the dissensions between east and west became daily more and more apparent and the balance of military strength in Central Europe swung more heavily than ever in favor of Russia, the rational and security-minded Czech drew his own conclusions.

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The Americans were far away. The Russians were on his doorstep. In the eternal struggle between Slavs and Germans, he remembered that he was a Slav. In the event of trouble, he was on Russia's side. This statement does not mean that the coup d'état was dictated by Russia. In this connection too much importance has been attached to the presence in Prague of Zorin, the former Russian Ambassador. Although every Czech Communist knew that in a domestic clash he was sure of Russia's backing, the Communist coup was, in fact, a spontaneous and quickly organized counterstroke to a legitimate but inept tactical move by the anti-Communist ministers. Communist propaganda against Munich, against the Marshall Plan and against the alleged attempt of the Anglo-Americans to build up a strong Germany against Russia enabled Gottwald to appeal both to class hatred and to national sentiment. The feebleness of the Social Democrats gave him the full backing of the workers. Control of the police and armed forces transformed the coup into a successful revolution.

There remain three enigmas: the complete absence of anti-Communist resistance, the silence of President Beneš, and the conduct of Jan Masaryk. All three are closely connected. How was it that Beneš, who had stated privately on previous occasions that he would never permit a Communist coup and to prevent it would appeal to the army and the Legionaries, accepted the new Government without an audible protest, without a message to his countrymen, and without resignation of his high office? The answer is that he was overwhelmed by the lightning speed of the Communist action, that failing health had made him irresolute, and that, brought up to believe that argument must always prevail over force, he chose to remain in office in the hope of exercising a moderating influence on Communist impetuosity rather than risk a civil war which he felt — doubtless rightly — could end in only one way. His long silence indicated his disapproval of what had taken place, and, when he spoke at last on the 600th anniversary of Charles University, his vague words in praise of freedom came too late to rally the millions of his countrymen who might have followed his lead. Since February 20 neither the American nor the British Ambassador has been received by him; but early in April an English lady, devoted to the President and Madame Beneš, was allowed to visit him. The tears of Madame Beneš were a more eloquent

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testimony than words to the state of his health and to the decline of his influence. A prisoner of events, he is today a carefully guarded invalid of the new régime.

Since Jan Masaryk's death the Communists have spent large sums of money in explaining to the world that he joined the new Government spontaneously and even with enthusiasm, and that he committed suicide because he was depressed by the bitter criticisms of his conduct which he received from his friends in the United States and in Britain. It is now known officially that he joined the new Government only after hours of hesitation. Regarding his attitude toward the Government I can write with some authority, for between February 20 and March 10, the morning of his death, I received two messages from him. Security reasons preclude any mention of the messengers, but neither was a Czech and one was a very intimate friend. The burden of these messages was that the situation was worse than even the outside world realized. He was being spied on by his own countrymen. He had stayed on with the intention of helping others who were in greater danger than himself. He had pitched his hopes too high. On Saturday, March 6, he had been to see Beneš. The President had begged him to remain at his post, pleading that he had borne the brunt of Munich when Masaryk was abroad and that now he needed his support. Masaryk had come back depressed. The next day was the anniversary of his father's birthday. He could not bear the thought that the Communists, who were destroying everything that his father had created, were now claiming the great Masaryk as a Communist who, if he were alive, would approve their violence. Jan, the message said, could carry on no longer. He had known nothing of the intention of the ministers to resign and considered their resignations a mistake. But it was too late now to find fault. He had failed in his self-chosen task. He was determined to get out at the first suitable opportunity. The rest is still conjecture. Whether he committed suicide on a sudden impulse or by premeditated act after he visited his father's grave alone on the Sunday of March 7 will probably never be known. But as he sent by one of his messengers papers concerning the liquidation of his belongings in England, it is possible and even probable that by "getting out as soon as possible" he meant something different from another period of exile. That the Communists realized the significance of his death was clearly indicated by the haste with which they

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sought to attribute the blame to his *former* western friends and by the elaborate state funeral which they arranged. From their own twisted point of view they were right, but I doubt if their propaganda deceived even their own followers.

It cannot be denied that the initial irresolution of Beneš and of Jan Masaryk explains to some extent the failure of the large anti-Communist section of the Czechoslovak people to offer even a passive resistance to the Communist coup. Doubtless they had long suspected something of the sort, but they were overwhelmed by the speed of events, and without a lead they were lost. But there were other factors which determined their attitude. Long years of occupation had undermined their morale. Memories of Munich, revived constantly by Communist propaganda, fear of Germany and the proximity of Russia, combined to make a tired people accept a yoke which seemed to them inevitable because there was no alternative. The Communists knew what they wanted; the other parties had no policy and were divided among themselves. The battle for power was almost lost on the first day of the second liberation. It could have been won only by a resolute Anglo-American policy, and for their tardiness the American and British Governments share some of the responsibility for what history will call the February revolution.

IV

Between the two wars it was the rare fortune of Czechoslovakia to be led by two men of such outstanding genius and talent as Thomas Garrigue Masaryk and Eduard Beneš. By his death Jan Masaryk vindicated the principles for which these two men stood, and his name will live with their names in the memory and affection of the Czechoslovak people. Already they are landmarks in the history of their country, but names alone will not bring Czechoslovakia back to democracy. Today there are no men of even superior talent or political experience in the country, and until they arise and the world shapes itself anew no rapid change can be expected. Already decimated by the Gestapo during the war, the intellectual forces of the country have been dispersed. Some have escaped to face the hard lot of exile, others deprived of their livelihood, and others again forced by the necessity of their daily bread to tolerate and serve a régime for which they have no liking. Outwardly little has changed, but behind this external façade a cold terror stalks the land. The judiciary

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has become political. Freedom of the press has been submerged and a once voluble people reduced to silence in the open places. A great tradition of liberty has been broken. Secretly, class is divided against class and brother against brother. But all power is with the Communists who once again have proved how by ruthlessness and control of key positions a minority can subjugate a majority without firing a shot and without the aid of a single Russian soldier. A political mistake gave them a golden opportunity of destroying the opposition almost on the eve of free elections to which they were committed and which they would almost certainly have lost. Having achieved supreme power, they are unlikely to relinquish it or to treat lightly those who dare to oppose or criticize them.

There is perhaps one consoling factor in the present situation. The Czechoslovaks have always been and still are by nature a peace-loving people, and it is improbable that the present Communist régime in Czechoslovakia thinks in any other terms but those of peace in which to consolidate its position. It is even more improbable that M. Gottwald or any other Czechoslovak Communist, with the possible exception of M. Slansky, would take the risk of relying on the army or the people in the event of war. Indeed, the whole policy of the present Government is to assure the people that peace is now guaranteed and that trade with the west will be not only maintained but increased.

Given that the revolution was the accidental result of the opposition's initiative — and I think that this is the correct interpretation of events — it follows that Russia neither instigated the action nor chose the moment, although doubtless she could have forced the issue in one form or another whenever she desired. The revolution brings Czechoslovakia into the Russian orbit of consolidation and, like the Russian action in Hungary and Rumania, strengthens Russia's strategic position. To that extent it may be said to increase the danger of war. But by its nature it can hardly be regarded as a change in Russian policy. The universal triumph of Communism always has been and still is the goal of every true Communist. But the Kremlin and, in particular, Stalin himself have never shown any inclination to define the timing of this millennium, and it is still rather more than an even-money bet that Russia's policy of consolidation in Eastern Europe is dictated more by fear of being attacked than by the desire to attack others.

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DEFEAT AND DEMOCRACY IN JAPAN

By Yasaka Takagi

THE defeat of August 1945 has rocked Japanese life and institutions to their foundations. Never in two thousand years have the Japanese people suffered such a collapse. The dislocation has been far greater than anyone could have imagined at the time of the surrender, and we are still in the midst of a revolution. No one in Japan dreamed that the surrender would lead to the proclamation of popular sovereignty and to such a change in the position of the Emperor; the one thing that the government and the majority of the people earnestly desired was to preserve the Throne intact. We expected that the ultimate form of government in Japan would be a constitutional monarchy, and yet events have made the position of the Throne very different even from that of the British Crown, which has remained serene and unaltered through the vicissitudes of the world war and social change.

Thus, as with all who take the sword, we too have perished with the sword. The life of the nation has crumbled. The traditions of Japanese civilization have been mercilessly discarded. Even the language has undergone a far-reaching modification. The people have no real confidence in themselves, and the resulting moral slackness is alarming. Witness the notorious scandals among high officials, or the recent case of cold-blooded poisoning of the whole staff of a bank by a mysterious thief, or the criminal ill-treatment and deaths of more than a hundred babies in a disreputable lying-in-hospital.

II

Great strides have been made, however, toward the objectives of the Potsdam Declaration — the demilitarization and democratization of Japan. The complete destruction of the military, the abolition of state Shinto, the establishment of the new Constitution, the reconstruction of the entire system of education, the reorganization of agriculture, industry and labor have eliminated the feudalistic influences and opened the way for constructive democracy. In fairness to ourselves, and in recognition of the gigantic work accomplished by the Occupation, it should be pointed out that decided changes have been brought

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about in the attitudes and ideas of the Japanese people, and that there are hopeful signs of the rebirth of the nation.

Although there is much to be said for the traditional institutions, the release of the individual from the authority of state and family is the fundamental requisite for the establishment of democracy in Japan. The Constitution unmistakably asserts the concept of human rights and liberty. This marks a new epoch in Japanese history, and the enhancement of the legal, political and social status of women is particularly noteworthy.

Whether the people will live up to the spirit of the new Constitution is another question. The present disintegration of life in Japan cannot be explained merely by the devastation of the war and the stupor of the people; its deeper roots lie in the mentality of the Japanese. Buddhism, adopted in the sixth century, puts its emphasis on pity and compassion, but it has failed to develop a sense of moral responsibility among the people. Somewhat similarly, the Confucian teachings which were taken up especially by the ruling class after the thirteenth century and looked upon as the embodiment of feudal morality and discipline nurtured the idea of obedience and submission rather than independent judgment. This is probably the most crucial aspect of the problem of the development of democracy in Japan, and I propose to discuss it more fully below.

The second of the major developments is the advancement in the position of labor through a series of reforms beginning with the Labor Union Law and crowned by the establishment of a Labor Standards Act and the new Department of Labor. Today labor is strongly organized and forms an increasingly powerful pressure group. It must be said also that the readiness of the labor unions to resort to force seems to evidence a lack of understanding of the basic democratic idea that responsibility accompanies liberty. The government and public workers' unions, for example, show a tendency to strike on the slightest pretext, whatever the cost to the public interest. Reminders from the Occupation to the effect that — as a famous statement once put it — "There is no right to strike against the public safety, for anybody, anywhere, any time," have brought sighs of relief from the public on several occasions. Whether the unions of laborers, farmers and employees are swayed by democratic or Communist ideas will be of decisive importance in the reconstruction of Japan.

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Land reform has been vigorously pressed. The Japanese homeland is smaller than California in area, and only one-eighth of it is suitable for cultivation. The defeat accentuated the food problem, and the land system has been changed by a very drastic scheme of compulsory sale of land to the Government, for resale in small lots. (Non-cultivating owners, with some exceptions, have been restricted to plots of one *cho*, approximately 2.5 acres, and cultivating owners to plots of three *cho*, approximately 7.5 acres; and rents are now to be paid in cash.) The objective is to create a class of independent farmers, but the fundamental problem is indicated by the minute size of Japanese farms: the average is less than three acres, and more than 70 percent of the landowners possess less than 7.5 acres. Mechanization and coöperative farming may be necessary for real agricultural progress. Nonetheless, the land reform has plainly helped to create wholesome rural communities, and will contribute to the development of democracy.

The fourth major reform lies in the field of education. With the advice and assistance of the American Educational Mission and SCAP, a blueprint for the reorganization of the entire educational system of the country has been prepared and adopted. The new "6–3–3" school system — six years in primary school, three years in middle school, three years in high school — is based upon the American pattern. Colleges and universities are to be radically reorganized, and there are plans for a national Diet library, on the model of the American Library of Congress. The purpose is to make education available to all in a free society. In principle, the way is now open for every Japanese to learn and to better his station in life, but, of course, the program is now only an ideal; the extent to which it can be made a reality remains to be seen. In connection with educational reforms, the extremely significant Imperial Rescript of January 1, 1946, which denied the divinity of the Emperor, should be noted. This, and the abolition of state Shinto, will exercise an influence on the development of freedom of religion and of thought in Japan which cannot be overestimated.

III

The awakening of the concept of individual personality is the prerequisite for the democratization of Japan. The consciousness of individuality — by which I mean the free play of the human

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conscience and the exercise of individual judgment — provides the only firm foundation on which the nation can be rebuilt. Japanese history has known no Renaissance or Reformation; it is this, I think, which explains the essential difference between her civilization and that of the west. The modernization of Japan, particularly in the Meiji era, is often called a wonderful achievement, but it was incomplete. The Japanese people did not earn modern liberalism by sacrificing and fighting for it, as western nations did, and the idea of human rights and dignity apparently takes root only through such a costly process. Hence it was that the dazzling superstructure of machine civilization in modern Japan had no solid foundation; and when the rain descended and the floods came, and when the winds blew and beat upon that house, the fall was great indeed.

The idea of individual responsibility must be inculcated by the experience of self-government. But the immediate obstacles are economic. The economic dislocation has, for example, prevented steps from being taken to put into effect the new school system, though the Government earnestly desires to get it under way; the economic experts of the Occupation apparently felt that this reform was less urgent than other objectives. In spite of the continuing efforts of the Occupation and the generosity of the American people, inflation is still growing; prices have risen about 130 percent above their prewar level. Economic stability is not possible unless Japanese industry is reëstablished. Japan, of course, has to realize the meaning of retribution, and she knows that measures of deterrence are an important part of post-surrender policy. But, in full appreciation of these factors, it seems to her that her industries should have been restored more rapidly. The revival of coal production, for example, has been very slow, though here there have been a variety of obstacles such as the disintegration of the labor force by the withdrawal of Korean miners, the attitude of newly-organized unions, absence of necessary equipment, and excessive bureaucracy and even corruption in the Government. The wholesale decentralization of industry and the purging of industrialists are major obstacles to economic rehabilitation; a recognition of individual circumstances might properly release some of those who were automatically purged and enable them to render much needed service for national reconstruction. If the industrial plant can be started going again, with aid from abroad, and if the crucial

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shortage of raw materials and food can be overcome, an increase in consumers goods will offer an incentive for work and some reason to hope for the future. Then the attitude of the labor unions will tend to be more constructive. It is democracy, not militarism, which is traditionally associated with the idea of progress; sound economic conditions are the basis of democratic development, in Japan as everywhere.

Control of the Japanese Government, and indeed of the whole life of the nation, by the Occupation inevitably lessens the initiative of the people. It would seem that the time to end this control has come. The Constitution should crystallize the ideas of the people themselves — an imposed constitution is a contradiction in terms — and self-government cannot be achieved without the schooling which comes from assumption of responsibility for the conduct of public affairs by the people. Government by directive, or by "suggestion" or "advice" (whatever it may be called), defeats the ultimate purpose of the Occupation, however much the incapacity of the people presumably requires it.

IV

As I have said, Japan has experienced neither Renaissance nor Reformation, in the sense in which the terms are used in history, and the earlier Buddhist influence with its philosophy of Non-Being (*anātman*) was hardly conducive to the development of the concept of personality, or to the idea that life offers a struggle between right and wrong, good and evil. In the first half of the seventeenth century, when in England "Bacon and Coke, Hooker and Sandys, Hampden and Milton, Lilburne and Baxter, Hobbes and Locke argued, wrote, quarreled, and fought over every principle of religion, self-government and personal freedom known to mankind," and thus through storm and stress laid the real foundation of democracy, Japan was beginning her well-known two hundred and fifty years of peaceful slumber under the firm grip of the Tokugawa Shogunate. Four-and-a-half centuries of feudalism had preceded that. And while in England, "although newspapers were already in existence, forty thousand pamphlets circulated," the Tokugawa régime supported Confucianism as the sole source of learning. Propriety rather than justice was the ideal, and learning meant expounding the old precepts and commentaries. Such teaching paralleled the tradi-

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tion of devotion to the authority of the state, and emphasized the virtue of obedience. Until the Restoration of 1868, it was forbidden by law for three or more of the common people to come together and discuss public affairs. When this is contrasted with the traditions of the town meeting of North America, the dimensions of the task of establishing democracy in Japan become apparent.

The Meiji Restoration produced glorious results, but it did not go deep enough to change this old concept. Thus there was no humanist awakening, and none of the inner discipline which comes with the awareness that every man is responsible to the Supreme Being for the decision of his own conscience. In the subsequent period of the so-called new learning in Japanese history and literature, the ideal of loyalty was transferred from the feudal lord to the Emperor, but there was the same emphasis on obedience. The sense of individual personality remained unawakened. This feudalistic code of morality, which emphasizes conventional loyalties and duties in a tight and crowded community, explains, at least in part, the strength of the idea of *batsu* — relationships in cliques or coteries — in various fields of Japanese national life.

The achievements of the exponents of "Bushido" — the ideals of Japanese civilization — were in many ways brilliant, but the Japanese people were not made to understand the spiritual need of the nation. Even Fukuzawa, the personification of the Meiji civilization, a great leader in the westernization of Japan, a great democrat, publicist, educator, founder of the Keio University, who stressed the importance of independence and self-respect, was not able to awaken the consciousness of individual personality in the people. He warned repeatedly of "the gregarious tendency of the Japanese mind," and the more one studies Fukuzawa's life and ideas, the deeper becomes one's appreciation of the affinity between this first Japanese democrat and such an American leader as Jefferson. But Fukuzawa's humanism could not alone save his country. Jefferson could build on the spiritual heritage of Puritanism, which in America permeates the life of individual and society with a profound consciousness of the worth of the human personality. Japan has no such inheritance.

The proclamation of popular sovereignty in Japan, and the recent reforms, are in the tradition of Jeffersonian and Wilsonian democracy; but Japan has not yet dug down to the rock on which

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they can rest secure. The Anglo-American founders of democratic ideas and institutions, Locke and Jefferson and the others, were at once rationalists and believers in the Christian faith. Until we Japanese can appreciate the significance of this fact, we shall fail to grasp the real meaning of democracy. Japan needs Protestant Christianity, with emphasis on the teachings of Christ, not on institutionalism. Great leaders like Jefferson and Lincoln seem to show that the reality of Christianity can be expressed in the lives of those who earnestly seek the truth, whatever name they may give to their religion and whatever their relation to the churches. There are now small, scattered groups of followers of Christ in Japan, quietly and seriously working in different walks of life; and this is a hopeful sign, for only the deliberate and resolute acceptance of Christianity can bring a consciousness of individuality. Japan's spiritual revolution will remain incomplete until Christianity is integrated in the Japanese code of morality. Here lie the ideals of humanity which are worth dying for — higher precepts than the old ones, yet embracing and revitalizing what is best in the tradition of obedience and loyalty. This is the reformation that will prepare the Japanese people to work side by side with other peoples in the constructive progress of mankind. Then, and then only, will the Japanese speak the universal language of humanity; and then her Bushido, the Way of Knighthood, will be of full value to her and perhaps of value to others.

But the great majority of the people are indifferent to all of this, and, indeed, it seems as if the nation were in danger of repeating the mistake of the Meiji era, when a new superstructure was raised on incomplete foundations. And yet one cannot but ask, in the present circumstances, how it is possible for the Japanese to do more than somehow to try to meet the needs of the moment. To neglect the practical problems at hand would be to risk irreparable loss. The menace of a Communist revolution is looming upon the horizon, and Communism is based precisely on the familiar relationship of master and followers which seems all too natural to the Japanese people. It might not be too difficult for the Communist faction and the old right-wing organizations to decide to exploit this common bond; and, in fact, developments of the sort are reported in certain regions. A reversion to the old type of militarism is hardly conceivable, but who can tell whether the militarists of yesterday, who are

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today waving the Stars and Stripes,will not be carrying the Red flag tomorrow?

The Preamble of the new Japanese Constitution begins: "We, the Japanese people . . . do ordain and establish . . ." The phrase called forth an acid American paraphrase: "We, the mimics of the American people." In the face of this taunt, what can a Japanese do save — as the saying goes — "bite my lip and keep quiet?" Perhaps we thoroughly deserve the rebuke. We have indeed borrowed from other civilizations — but sometimes perhaps to our credit. Whether the Japanese nation is to go down in history as a nation of mimics, only the Japanese people themselves can decide. Carlyle once wrote down the French as of a "gregarious imitative nature." That was when, in the excitement of the Revolution, they rushed to worship the Goddess of Reason; but it was not the last word about the French — nor indeed about the Revolution. Perhaps the question for Japan is what is admired — and whether it is assimilated.

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SCANDINAVIA CHARTS A COURSE

By Erik Seidenfaden

WHEN the three kingdoms of Scandinavia settled down to formulate their foreign policies in the troubled aftermath of World War II it was found that, in spite of all new and trying experiences, the fundamental principles which determine policy had not changed. Norway and Denmark had been occupied, and had regained freedom through outside help. By luck and geography Sweden escaped invasion, but had found herself isolated within the German orbit and managed to safeguard her territorial integrity only by grave deviations from strict neutrality. For all of Scandinavia, however, one lesson seemed clear enough: in a world conflagration this corner of the globe could no longer safely consider itself outside the area of strategic importance to the great combatants.

The conclusion of those who waged the battle of resistance in Norway and Denmark was that the day of neutrality was over, and the idea was even voiced by some circles in Sweden. Whatever we do, it was reasoned, however much we try to keep a balance between conflicting Powers, nothing can prevent our territory from being involved if there is another major war. And to the logic of experience was added the moral feeling of those who had fought Nazism in the name of national honor and human decency.

The first major developments of foreign policy in the postwar period were an expression of this conclusion. Norway had been united with the Allied Powers ever since she took up arms against the invaders in 1940. Denmark was formally recognized as an Allied nation soon after V-Day, as a tribute to her resistance movement which had broken the spell of official collaboration in 1943. In view of what had gone before, this formal abandonment of neutrality was rather academic. So far as the future was concerned, the people of the north were at that time thinking of the danger of a revival of German power; friction between Russia and the western world still seemed to be a product of more or less natural jealousies exacerbated by the process of peacemaking. In Denmark and Norway, membership in the great coalition against Hitler seemed a sign of a new foreign policy which contrasted happily with the old Scandinavian isolationism.

Adherence to the United Nations organization by Norway and

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Denmark from the beginning, and by neutral Sweden in 1946, strengthened this belief. It was obvious that the Scandinavian democracies would be among the ardent supporters of the new international body; where can the countries with limited manpower and industrial production find security if not under international law? The decisions of the Scandinavian countries to join the United Nations were taken by unanimous vote of their parliaments (membership in the League of Nations was a very controversial matter in the Swedish Riksdag 25 years earlier) and ratification of the U.N. Charter was a formal abandonment of neutrality, in that the signatory Powers were thereby bound to join any collective action against an aggressor which was decided upon by the U.N.

Skeptical students of international affairs remembered, however, that though the Scandinavian countries had joined the League of Nations and committed themselves in the Covenant to a formal break with the policy of neutrality, the Scandinavian foreign ministers meeting in Copenhagen in 1936 repudiated Article 16 of the Covenant which obliged them to participate in collective sanctions. The explanation then given was that League sanctions against Mussolini's Abyssinian war had broken down, but the real reason, of course, was to be found in the growing power of Germany and the passive policy of the western Powers, which seemed to leave Hitler's smaller neighbors no choice save to arrange their relations with the Germans as best they could. One might say that the foreign policy of the Scandinavian states in the years between the wars operated on two planes, one in heaven and the other on earth. The line that connected with the League of Nations was unneutral, and binding in principle. The other line was understood as "balanced behavior" in all acts of foreign relations. It became more and more a neutral policy as the clouds gathered, and even took the form of benevolent neutrality toward Germany as the shadow of Nazism spread over Europe on the eve of the great war.

II

As the short period of rejoicing at the overthrow of Hitler gave way to the frustration at peace conferences and the growing antagonism between Russia and the western world, the same dual policy seemed in evidence on the Scandinavian borderline between east and west. All official declarations about the policies of the

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three countries stressed their adherence to the United Nations. The international organization was looked upon as the hope of the future, and collaboration with it was active and sincere. But the "second line" — the maintenance of a careful balance between the opposing Powers — emerged again, and the official absorption in the problems of the United Nations was perhaps sometimes a useful smoke screen, when ministers did not want to say much about the real problems of the moment. Some students of the U.N. Charter had even prophesied from the outset that the line of neutrality would recommend itself even more strongly to the Scandinavian countries than it did under the League Covenant, if the international scene became threatening. The U.N. at San Francisco was put on a more realistic basis than the League, in that the Charter explicitly recognized that the organization could not function without unity among the Big Five. This was at once pointed out by Mr. Östen Undén, then Chairman of Sweden's Foreign Affairs Committee. His Danish counterpart, Mr. Hartvig Frisch, said in parliament that when a conflict between the Great Powers materialized, "the old problem of neutrality would immediately and automatically turn up for the small Powers." It was also true that even an open conflict between members of the United Nations would not necessarily involve collective sanctions, since the right of veto was always there. Therefore a small country was likely to conclude that it should try to solve a local conflict with a Great Power through direct negotiations; and the implication was that it would do well to strive for good relationships with any possible big antagonist. From this realization sprang the often repeated phrases of Scandinavian statesmen that "we do not want to join any bloc or alliance," that "we want to be on equally good relations with the west and the east," and that "the quarrels between the Bigs are no concern of ours."

The situation seemed a sinister duplication of the old one, save that in the new balance of power Russia had stepped into the position of Germany and the United States into the place of Great Britain. Fundamental principles for the behavior of small countries seemed to be unaltered through all the tides of history. "The politics of a weak and threatened state cannot achieve the standards open to those who enjoy security and wealth. . . . The oak may butt the storm, but the reeds bow and quiver in the gale and also survive." Thus once wrote Winston Churchill,

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speaking of the dilemma of England in the seventeenth century. When Scandinavian statesmen spoke in this tone they simply sought to emphasize the necessity of a policy of caution by these border-states of Russia, in defense of their national existence. It was the policy all had tried toward Germany — Sweden with success, Norway and Denmark in vain. I do not attempt to say whether some other line would have been feasible in the immediate postwar period, and whether the reversion to the traditional course was due to a lack of foresight and imagination, or was the inevitable product of the position in which the Scandinavian countries found themselves. But in justice it must be said that the return to an attitude of neutrality was tacitly accepted by parliaments and by practically all organs of public opinion in these countries.

III

Scandinavian policy is now in process of alteration, and the new orientation is undoubtedly toward the west. The new chapter began, of course, last summer when Secretary Marshall interrupted the series of moves and countermoves between east and west by suggesting the reconstruction of Europe on the basis of American-European collaboration. The Scandinavian countries have taken active part in all the conferences which resulted in the establishment of the European Recovery Program. Their Governments joined the Marshall Plan countries with full support of public opinion — except, of course, from the Communists. (In Sweden, Norway and Denmark alike the Communists speak with one voice on every detail of the Plan, and that the voice of Moscow.) The Soviet Union's animosity to the Marshall Plan has not lessened the eagerness of the Scandinavian countries to participate, though at the beginning it somewhat affected the formalities. Thus at the first preparatory conference in Paris, the three countries were represented only through their local ambassadors, while most other countries sent their foreign ministers. At later Marshall Plan conferences they have, however, been represented by their executives for foreign affairs. Correspondingly, Scandinavian ministers have regretted the non-participation of Eastern Europe and Russia when discussing ERP in public, and, in accordance with the Paris plan, have stressed the importance of continued commercial relations with Eastern Europe. They have also taken pains to explain that the ERP is purely an eco-

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nomic plan with no political implications. Only Denmark was formally represented in the preparatory committee for a European customs union; Sweden and Norway sent observers. These qualifications — reflections, of course, of geography — appeared on a diminishing scale as time went on and Russian countermoves gained in strength. Soviet manœuvres have simply made the Scandinavian response to the ERP more positive.

The distinction made by Scandinavian statesmen between the economic and political aspects of the Plan may be said to be merely a bow to diplomacy, if by "political aspects" are meant the integration of Western Europe which may result from the successful realization of the economic program. Obviously, the two are closely related. But economic integration is clearly the door through which Scandinavia is most likely to enter the political partnership of Western European nations. This also is the only possible meaning of the declarations made in the spring, when on different occasions the three Foreign Ministers, Östen Undén of Sweden, Gustav Rasmussen of Denmark and Halvard Lange of Norway, said in effect that their countries were prepared to discuss Mr. Bevin's suggestions about further collaboration among the nations of Western Europe, in so far as they constituted an elaboration of economic coöperation within the framework of the European Recovery Program. They stressed the desire of their countries to keep clear of alliances or blocs, Scandinavia "not wanting for her part to add to the deterioration of the world political atmosphere." The attitude toward Western European military coöperation as realized in the Pact of Brussels among Great Britain, France and the Netherlands is, in the words of Halvard Lange, that "it is perfectly clear that neither the British Government nor any other partner of the Brussels Pact has any scheme for asking us to join them, as long as we do not ourselves explicitly state our wish to do so." One could perhaps say that the Scandinavian Governments are prepared to join the long-term journey toward European Union, initiated from the west, as fellow-travellers. But they want to start at the bottom, so to speak, in the practical economic phases of an objective pursued in peace, not at the top in the military phase. Events may, of course, overtake such a course and make the Scandinavian line illusory. But this is where matters stand today.

Compared with the official Scandinavian attitude of a year ago, this is a large development. The northern countries are moving

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with the general trend of world affairs. Not only has public expression of opinion on problems of peace and war been more lively than at any time in memory; governmental policies have been expressed with similar vigor. Full-scale debates on foreign affairs took place in the Swedish and Norwegian parliaments in the beginning of February, and in the Danish parliament some weeks later. Declarations on concrete problems of high policy were carefully worded, but the foreign ministers in all three countries were unambiguous in their declarations of principles. Their pledges to western democracy may be thought obvious, but some months earlier they would not have been uttered by a state executive.

Mr. Östen Undén in the Swedish Riksdag pointed out that the present Swedish Government represents a party which throughout its history has fought for a democratic form of government and for civil rights; and that it has always opposed the Communists because they reject the fundamental principles of political democracy. In the Norwegian Storting Mr. Halvard Lange said that there cannot be the slightest doubt that Norway is part of Western Europe geographically, economically and culturally, and that she is a Western European democracy and wants to remain one; and he insisted that Norway's attitude toward conflicts of values is clear, and that she will not be indifferent toward the ideological fight between democracy and totalitarianism. Mr. Gustav Rasmussen in the Danish Folketing was explicit. Danes are against regimentation in every form, he declared, and their whole conception of life is the same as that of the other northern countries, and of the Netherlands, France and Switzerland and the Anglo-Saxon nations. The Scandinavian statesmen made plain that Russian dislike of the Marshall Plan and opposition to Western European collaboration and closer relations among the Scandinavian countries would not deflect the northern Governments from their course; the international background was frankly analyzed in the light of developments since the creation of the Cominform. With the usual exception of the Communists, spokesmen of all parties in the three Scandinavian parliaments supported their Governments; when the support was qualified it was because the speakers advocated a still sharper western orientation.

In the midst of all this came the coup in Czechoslovakia. The news of Jan Masaryk's death broke during the foreign affairs

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debate in the Danish Rigsdag, and all members rose while the foreign secretary spoke in commemoration. The Soviet demand on Finland showed that the Russians were renewing their interest in the northern flank, and there were many rumors of a similar "offer" to Norway, and of overtures to Denmark. There was tension, and during the Easter holidays the Governments of Denmark and Norway took certain military precautions. These were officially explained as a product of the general uncertainty of the international situation, but, more precisely, were due to reports emanating indirectly from the State Department in Washington to the effect that Denmark and perhaps Norway might soon be objects of Soviet attention. The crisis lasted until after the Italian elections. Details of the background are not publicly known and the apprehensions, as it proved, were not fulfilled. But the episode brought certain aspects of the problems of freedom and independence for the Scandinavian peoples distinctly into the foreground. How acute is the threat of Communist plots, on the Eastern European model? What is the likelihood of direct Russian intervention? And, in the face of danger of a third world war, should the Scandinavian nations make prior military commitments? These are the concrete questions.

IV

The reaction to events in Czechoslovakia was partly a product of plain democratic indignation and partly fear of similar domestic uprisings, which the Communists did everything to justify in their enthusiasm for the coup in Prague. The Communist parties do not represent more than about 10 percent of the voters in any of the three Scandinavian countries. At the last general election in Sweden in 1944 they obtained 320,000 out of a total electorate of about 3,000,000, or just about 10 percent. In the second chamber they hold 15 seats out of 230. At the last general election in Norway, in 1945, they got 168,000 votes out of a total of 1,480,000 — 11 percent — and 11 members out of 140 in the Storting. In the 1947 general election in Denmark they received 140,000 out of a total of 2,000,000, or about 7 percent, and nine members out of the Rigsdag's 149. In Denmark, where the elections were the second after the war, the Communist vote was halved in comparison with 1945. Later local elections in Norway show that Communist strength is declining, and indications are that the general election in Sweden this year will reveal the same trend.

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Scandinavia belongs to the part of Europe which is the most stable politically. Public authorities are loyal and disciplined. Arms from the time of underground resistance against the Nazis are to a certain extent in the hands of Communists, who might of course constitute a dangerous fifth column in case of Russian intervention or war. But the Communists do not offer a constitutional danger to the state in any of the three Scandinavian countries. It may be added that events in Czechoslovakia have led to certain measures in Sweden and Denmark to exclude Communists from vital posts in the armed forces and the organs of public security.

The danger that the U.S.S.R. might intervene in the Scandinavian countries to subdue them one by one — the "artichoke method" made famous by Hitler's tactics — had never seemed an actuality to the people of these nations. Perhaps one lasting result of the Easter crisis is to make this appear a real possibility. Responsible people in Scandinavia still discount such an eventuality, but they realized more sharply than before that their own preparations for self-defense have much bearing on the problem of avoiding it. There are no illusions that a Scandinavian country could resist Russia in open conflict, but the will and the power to put up a fight in the national defense would certainly influence western opinion and augment the chances for help. The prospect that a local action in Scandinavia would spread into world war is perhaps the factor most likely to prevent it from being begun. Scandinavian statesmen have on several recent occasions stressed the determination of their nations to defend themselves. New steps have been taken to strengthen the national defenses, which, especially in Denmark and Norway, are not impressive. And in April, the Norwegian Foreign Minister, speaking to the Military Society at Oslo, declared that Norway would not enter any separate military arrangement with the Soviet Union, if one were proposed.

This new western orientation, which opens the way for economic integration and the political consequences that follow peaceful developments based on free negotiations, means that Scandinavia is becoming a partner of the west in the diplomatic struggle. But it hopes that the result of this struggle will be a new equilibrium which ends the ever-increasing tension between Russia and the United States. When the question of a third world war is raised, the Scandinavian answer, as reflected in the attitude

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of the three Governments, is still that these countries will claim their right to neutrality and will not in advance make any commitments outside those which might result from their adherence to the United Nations Charter.

This cautious response is, of course, challenged by a part of public opinion, which either considers that the hope of Scandinavian neutrality in a new world war is completely illusory, or thinks that participation in a western military alliance backed by the United States is the best possible way to preserve the peace. No political party in the northern parliaments takes so strong a position, but the parties of the Right in Norway and Denmark are in sympathy with it, even if they have not yet embraced it publicly. It is held by many individuals, including representatives in the parliaments, and by several newspapers, some of them among the most influential. Its most eloquent spokesman is Professor Herbert Tingsten of Sweden, editor of the liberal *Dagens Nyheter*, the biggest newspaper of the region. The adherents of this school of thought argue that the old fear that the formation of a western bloc will increase Russian aggressiveness has been displaced by the evidence that only a firm attitude can prevent Soviet expansion. Only in such a bloc can the Scandinavian nations find security, they say, and only thus can there be an eventual relaxation of international tension. It is further pointed out that the uncertainty about American foreign policy, which once caused small countries to fear another Munich, need no longer be entertained; the risk of being drawn into war as a result of collaboration with the west is less than that of standing alone and unprotected; and since the independence of the smaller states ultimately depends upon the Anglo-Saxon Powers, it is logical for those states to coöperate in their own defense. And behind these arguments, of course, are the moral and ideological issues which arise from the plain fact that the Scandinavian countries belong to western society.

The most astute and important spokesman for the other view is the Swedish Foreign Minister, Östen Undén. He maintains that if the United Nations is undermined by a political bloc or is otherwise paralyzed, Sweden must be free to take the path of neutrality. He admits that the choice will not be wholly in Sweden's hands, and that the prospects cannot be gauged in advance. But he maintains that Sweden must not make commitments in advance that will deprive her of the right and opportunity to keep

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out of war. The possibilities of neutrality differ in the Scandinavian countries, but, in general, the view which Mr. Undén expresses on behalf of Sweden is accepted as valid by supporters of isolationism in Denmark and Norway.

Scandinavian rejection of the idea of binding military arrangements with the west — or, to say the least, its hesitancy about it — is motivated to some extent by a concern for Finland's position, though for diplomatic reasons this does not figure much in official statements. That Finland should be within the "Russian sphere" is accepted as an inevitable result of the war; but special Soviet treatment of Finland (which is not without precedence from Tsarist days) has hitherto permitted the Finnish people a good deal of freedom in internal politics and national life. Should the rest of Scandinavia become part of a western military system, it is expected that Russia's grip on Finland would tighten. The outcome of the recent negotiations for a Finnish-Russian pact which, broadly speaking, confirmed the status quo, strengthens this line of thought.

The main brake on military union with the west is, however, simply the fear that such action would offend Russia and that Western Europe and the United States are not now willing to undertake obligations to defend the Scandinavian nations or prepared to carry them out. It is sometimes forgotten, in popular discussions of this matter in the west, that no offer of military guarantee has been made to Norway, Sweden or Denmark. Neither Great Britain nor the Brussels Union, for example, has yet invited the Scandinavian nations to join, and it is very doubtful whether they intend to do so. A Western Union of any strength is also dependent upon American backing, and while the farsighted economic initiative of the European Recovery Program has been greeted with enthusiasm in Scandinavia, there is less confidence about the possibilities of an American military guarantee for Western Europe. A "guarantee" raises not only the question of willingness to wage war, but of the probabilities of preventing military occupation by the Soviet Union. Responsible Scandinavians do not believe in the theory that war is inevitable, but they are aware that it might come from some miscalculations either on the part of the Kremlin or the United States. And in contrast to the general public, they try to distinguish carefully between American congressional and constitutional realities, and the gossip of certain American commentators who seem to find

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the material for their pocket-diplomacy in the Stork Club in New York.

V

For the sake of simplicity, I have spoken here as if these three nations were somewhat more of an entity than they actually are. It is true that no important decision on foreign relations is taken without consultation among the foreign ministers of the three states, often joined by their Icelandic colleague. They meet at regular intervals, as do also the three prime ministers; and they try to act on the same lines within the United Nations and at such international conferences as those which have accompanied the European Recovery Program. Nevertheless, Denmark, Norway and Sweden are separate and sovereign states with no constitutional bond. Their problems of security and defense are different, and so are their diplomatic traditions and political backgrounds. The tradition of neutrality is much stronger in Sweden than in Denmark and Norway. Sweden has not been at war for 134 years and, since she managed to keep out of the two world wars, the Swedish people naturally think that the idea of neutrality has a future. Strategically, too, the Swedish position seems better than that of her western and southern neighbors. It is sometimes a little cynically thought that even if Denmark and Norway are invaded, Sweden may again preserve *une neutralité à la suédoise* — as her suave course during the last war is called.

After their recent experience of German invasion, Denmark and Norway are more inclined to doubt the value of neutrality, and this is subtly reflected in declarations on foreign policy. But there are differences of another nature between Denmark and Norway. Geographical position makes Denmark more alert to continental realities; Norway, with her western outlook on the sea, is more "Atlantic-minded." Traditions of diplomacy, too, make Denmark more inclined to follow old patterns, while Norway often takes a fresher view. Of the three, Norway is the most definitely oriented toward the west; then comes Denmark; and, last, Sweden.

But the three Scandinavian peoples greatly desire to play a common rôle in international affairs. The old idea of Northern Union is very much alive today, as always in times of world crisis. Last year the Northern Customs Union was again put on the agenda at the Foreign Ministers Conference at Copenhagen.

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The Administrations are working on it through an inter-Nordic committee under the chairmanship of Mr. C. W. Bramsnaes, head of the Danish National Bank. But since the economies of the three countries are supplementary, political considerations are more likely to forward the project of Northern Union than are the possibilities of immediate economic benefit.

The "spiritual union" of Scandinavia is a reality manifested in a thousand ways — in culture and language, in social and legislative collaboration, in personal ties and friendships. Pressed from east and west, the Scandinavian countries may now be ready to unite. Union would somewhat strengthen their feeling of security, and would increase the sense of solidarity, so important psychologically in the troubled state of the world. It would not counter that movement toward greater European integration which is the urgent task of high policy for the present generation of Europeans, but would expedite it.

In evaluating the words and the actions of Scandinavian statesmen, public opinion in the west may in fairness be asked to remember that different laws do indeed control the behavior of great states and small nations. The Great Powers, among which the United States today occupies a predominant position, make decisions by their own will and of their own strength. In foreign policy, small nations are often enough subject to circumstances which they neither create nor desire. It is under the compulsion of this natural law that Scandinavian statesmen must seek their way.

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THE OUTLOOK FOR BRITAIN

By Thomas Balogh

THERE is no longer that air of unreality in the discussions of British economic questions which characterized the first two postwar years. Sir Stafford Cripps in his recent surveys gave a blunt warning of possible economic catastrophe. The adoption of the Marshall Plan has for the moment obviated the terrible necessity of cutting imports and thus causing general dislocation and large-scale unemployment, a contingency which would have threatened all efforts at Western European reconstruction. But the consecutive drafts upon American goodwill clearly cannot be repeated indefinitely. Such a failure as the Anglo-American loan agreement must not be permitted to recur. A searching analysis of the British crisis is vitally important.

One of its most serious aspects is the effect on American public opinion of the criticism which attributes Europe's malaise to planning and inflation. Should an attempt be made to treat the problem by monetary panaceas — devaluation and the like — devastating social and political consequences could not be avoided; only by creating mass unemployment could Europe's international payments be balanced on a basis of free-market economics. This would involve hardship, if not starvation, and would have unforeseeable social and political consequences.

In this paper it will be argued that: 1, some of the current criticism of the British Government ignores the most important factors determining the position of the country, and obscures great achievements; 2, the relative failure to grapple with the British economic problem is due partly to the British Government's refusal to accept the wider implications for Britain of the consequences of the war (an attitude of which the critics of the Government were even more guilty) and partly to the unwillingness of the Government to implement fully its own principles; 3, in particular, the implications of full employment were imperfectly realized, in that certain controls were prematurely relaxed and, in consequence, production and investment did not expand at the required rate; 4, the real crisis of European and even more of British reconstruction has not yet arrived, and that it can be solved only by the closest economic coöperation in Western Europe, which must be harmonized with the special

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ties binding most of those countries to complementary areas overseas.

II. THE CAUSES OF THE BALANCE OF PAYMENTS CRISIS

It had always been recognized that the wartime loss of foreign assets and the weakening of Britain's capacity to obtain income from services such as shipping would force her to increase exports considerably. It was estimated that, in order to be able to obtain adequate imports for an increased population at full employment, Britain would roughly have to double her exports of manufactures. This calculation included some provision for the servicing of the accumulated war debt and postwar credits, but did not take into account any other commitments burdening the balance of payments.

In the acrimony of the political debate which has been raging in Britain, the fact has been lost sight of that the British foreign accounts payments could have been balanced but for the burden of international military and political commitments. According to the statement on the balance of payments, the deficit on current account in 1946 amounted to about $1.5 billion. But military expenditure, the cost of supplies to Germany, and other relief represented a direct burden of somewhat over $2 billion. If government expenditure abroad had been reduced in the same proportion by Britain as it was by the United States, we should have had a small surplus in our balance of payments. In 1947, the British position deteriorated considerably and the total deficit increased to $2.7 billion. The foreign expenditure of the Government declined to $1.4 billion. This, however, is not the whole story. The military expenditure was not merely a direct burden on the foreign income, but also absorbed manpower which otherwise could have contributed to exports. Had demobilization been carried out at the same rate as in the United States, we should have been able to expand civilian output by some $2.4 in 1946 and $1.2 billion in 1947. It can hardly be doubted that we could have increased exports by some $1.6 billion in the period, thus completely closing the gap. There was an exceptional burden on the balance of payments of not less than $4.4 billion during the two years, or more than either the whole of the United States loan or the total deficit on other items.

Although foreign demand for British exports has been very strong since the end of the war, the foreign trade deficit would

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have been even larger except for the most stringent efforts to limit imports. These remained at only three-quarters of the prewar level, and are certainly insufficient for the restoration of the normal working of the economic system. Had it not been for the rise in import prices since 1938 the adverse balance of trade in 1947 would have been $590,000,000 or less, instead of $1.8 billion.

The second disregarded cause of last year's sterling crisis, which will continue to plague Britain, seems to originate in the imperfections of exchange control. The inherent difficulties of exchange control are aggravated by the number of British firms engaged in foreign trade or operating overseas, and the complexity of business which makes it almost impossible to separate current and capital items. It seems as if a large capital investment has been permitted in the sterling area. There is an increasing danger that an illegal export of capital is taking place. The level of taxation is so high, the prospects in Europe are so uncertain, that even large losses and high costs and risks do not deter people from trying to transfer their capital.

We might conclude, therefore, that the acute crisis of the British balance of payments was mainly caused by the internal and external burdens of our political commitments, aggravated by some export of capital and the grave worsening of the terms of trade. Britain was in no position to shoulder these burdens unaided. The export targets set to overcome the crisis were unreasonably high. Devaluation under present circumstances would hardly help, as Britain did not encounter difficulties in selling what she could produce and spare from the home market. Nor would devaluation limit imports, the extent of which is already kept by the Government far below the level of demand. On the other hand, devaluation would probably reduce the dollar proceeds of our exports while leaving the cost of imports unchanged. Thus instead of improving the deficit in our balance of payments it might well be aggravated. It is to a sharper handling of the exchange restrictions and export controls — which had been lifted after the war — that the country must look for an improvement of its position.

III. FULL EMPLOYMENT, INFLATION AND INVESTMENT

The crisis in the international economic relations of Britain and the acrimonious debates which followed have obscured the

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solid achievement of the British Government. The exaggerated hopes entertained during the latter part of the war have also contributed to the prevalent disappointment. It is, therefore, only too necessary to insist that much more has been achieved than could reasonably be expected after so long and exhausting a struggle. The demobilization and reabsorption into civilian work of 5,000,000 members of the armed forces have been accomplished without serious incidents. The physical output of the country is above prewar, though the worsened terms of trade and the loss of foreign income have depressed national income. This is an accomplishment which was not reached for five years after the shorter and much less devastating first German war. The dismal trend of coal output, the most important single item on the economic front, has been decisively reversed. Britain has gone some way to establishing the foundations of a balanced social and economic system, partly by transferring ownership of the most important public utilities to the state, thus making it possible to carry out the necessary nationalization of these services, for which private capital could not have been raised under present conditions. Control over the flow of investment has been effected, and new institutions have been created to finance out of public funds new private ventures, especially of small and middle size, which found difficulty in obtaining backing before the war. The nationalization of public utilities, which substitutes low interest government bonds for high yield equity capital, freed venture capital for new industries which will and ought to remain in private hands. In a troubled world, beset by internal dissensions and increasing political extremism, labor strife has almost completely been avoided. Domestic political disagreement has not deteriorated into irreconcilable conflict. The maintenance of political stability is perhaps the greatest achievement of the economic policy which was pursued.

Yet those features of this policy which were responsible for this relative domestic tranquillity became the butts of the most vehement criticism. It has been suggested that the root economic problem is the prevalent inflation, the excess of incomes over supplies, aggravated by the subsidies which kept the price of necessities relatively stable despite rising wages and prices abroad. It has also been asserted that the Government has overexpanded investment. At each stage of reconstruction, the austerity imposed by the Government was sharply attacked. The

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inflation, the critics maintain, has resulted in a maldistribution of resources, and only the restoration of a free-price system can bring relief.

These arguments are fallacious economically; and the adoption of the measures proposed would certainly have catastrophic political consequences. First of all, the pressure of demand on supplies does not primarily result from current incomes. It is the consequence of the huge accumulation of wartime savings by consumers — some $12 billion — and of financial reserves by firms — some $18 billion — as a result of the reduction of working capital, the accumulation of unused obsolescence allowances and undistributed profits, war-damage payments, and the partial refund of the excess profits tax. Short of completely blocking these reserves, with the attendant hardship out of all proportion to the advantages, an excess of demand over potential supply could not be avoided. A budget surplus of even $1 billion could not deal with the problem. This does not mean that the attainment of a budget surplus was not desirable. But a reduction of the subsidies which are needed to stabilize the cost of living is not the way to achieve this budgetary surplus. Nor could the restoration of the free market mechanism be expected to restore equilibrium. The Government was pledged to maintain full employment. Indeed, no government could survive today in England which did not adhere to that policy. At full employment, however, the bargaining position of the unions is extremely strong. A wholesale attack on the standard of life of the lowest income classes by decreasing or abolishing subsidies would be fiercely resisted. All that could be achieved would be a spiral of prices and wages. The excellence of the price mechanism based on an uncontrolled money demand depends for its functioning on sufficient unemployment to keep the general level of wages stable or only imperceptibly rising. Increases in certain important industries lead to immediate demands from workers in others. Only where there is a reserve of unemployment can collective bargaining limit wage rises to those industries whose products are most urgently needed and which must therefore attract additional labor. Thus a large-scale redeployment of labor is also inconceivable without unemployment, once control over employment and planned wage policy are rejected. It is, to say the least, regrettable that the so-called disinflationists ignore this problem completely. A planned wage policy would, of course, substantially

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decrease the scope of the controls needed. Budgetary policy, as we have seen, cannot under present circumstances be expected to restore equilibrium. Indeed, care must be taken in day-to-day policy not to overshoot the mark because the spending of reserves might easily be postponed. Most official calculations of the inflationary gap have made the double mistake of reckoning only with current incomes, leaving aside potential dis-saving, and at the same time they also disregarded a possible increase in productivity which would offset that inflationary pressure. The dangers of such a simplified approach to our problem are great.

Finally, it has been suggested that the present crisis is due to overinvestment. But on closer investigation it can be shown that investment is seriously deficient if Britain is to survive as an industrial exporting nation. The accumulation of fixed capital in 1946 was barely two-thirds of the depression year 1938. In 1947 it might just have reached that level. Yet it is well known that capital accumulation during the inter-war period was seriously deficient and that, in order to improve our competitive position, we must succeed in lessening the discrepancy in capital equipment per head of the workers between the United States and Britain. The United States since the war has invested more than $60 billion as against the British investment of only some $12.5 billion (in Britain), more than double per head of the working population.

IV. THE TRUE CAUSES OF THE CRISIS

Where, then, lie the true causes of the crisis? It is clear, first of all, that there is a serious discrepancy between the military and social commitments of the Government and British capacity to produce. Britain has suffered a serious decline in productive effort since the end of the war. Secondly, too large a proportion of this smaller national effort has been used for consumption. Despite the fall of total national output, consumption increased in 1946 by some 10 percent and is now, in terms of quantities and at 1938 prices, practically equal to production of that year.

The consequent insufficiency of capital investment could have been offset by a resolute attempt to rationalize production, *i.e.* to standardize the products and concentrate output on the best plants. The existence of vast modern armament factories might have facilitated such rationalization. Mr. Churchill's last government unfortunately had gone some way in dismantling controls,

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and that policy was not reversed. Consumers goods industries were deconcentrated, with a considerable loss in productivity, and the effort at industrial reorganization exhausted itself in the appointment of working parties to review the state of different industries. Their recommendations, such as they were, were not followed up promptly. In its anxiety to avoid the reappearance of distressed areas blighted with local unemployment, the Government commendably pushed the settlement of new industry, but insufficient attention was paid to the need of increasing productivity. The building program was not utilized to develop the mass production of housing programs, and durable consumers goods which could be sold abroad. The partial decontrol of prices and the complete decontrol of employment attracted labor toward the uncontrolled sector, *i.e.* luxuries. As necessities were rationed and their prices controlled, the relative profitability no longer expressed the relative urgency of demand for them; and as no rational wage policy was evolved, manpower was also misdirected. The price mechanism was disrupted and nothing was put in its place. The partial decontrol very much aggravated the production crisis. Altogether in contrast with the optimistic calculations of a substantial rise in productivity, there was, if anything, a decline. Yet an enormous advance could have been made, showing the way to other European countries.

Here, then, we find the true explanation of the internal causes of the relative failure of the Government. It committed the country to admirable experiments in social progress. It took powers essential for the establishment of a more balanced economic system. It preserved social peace and thus aided economic reconstruction. The main reason of the present grave difficulties is that it did not realize that the magnitude of the effort required a single-minded concentration on the tasks in hand in increasing the productive power of the nation. The legislative program was admirable, but it was not followed by an equally well thought out program of reform on the administrative side. As a result, maximum potential production power declined and no reserves were available to cover the unforeseen burdens of our foreign commitments and the increase in the price of imports. The coördination of internal and external policies was imperfect, and even in internal policy the coördinated planning of the economic activities of the Government was not implemented until developments had reached a very late stage.

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V. TOWARD A SOLUTION

The severity of the sudden crisis last summer, totally unexpected by the expert advisers of the Government, and the threatening exhaustion of the country's international reserves, produced a series of remedial measures. The machinery of government has been much improved by the appointment of Sir Stafford Cripps as economic coördinator — and subsequently also as Chancellor of the Exchequer — and by the reorganization of the central planning agencies of the Cabinet. The planning and coördination of current measures have already improved, though this improvement is less noticeable so far as long-run policies are concerned.

The foreign commitments of the Government are being further reduced and it is hoped that their cost will not exceed $800,000,000 this year. The manpower estimates provide for a substantial addition of workers to the productive effort. The further reduction of the length of conscript service to one year will automatically speed the process.

Equally important are the steps taken to achieve a balanced increase in foreign trade. After some false starts, the control over the volume and direction of exports was reimposed. Export targets were revised and a number of important agreements negotiated with foreign countries providing for a balanced increase of international exchange on a reciprocal basis. Indeed, we must now fear that the Government, frightened by the events of last summer, will, though paying lip service to multilateralism, try to achieve a more strictly bilateral balance with our foreign suppliers than is either necessary or desirable. Unfortunately, there are no signs that the Government realizes that in the long run Britain can maintain her standard of life as an industrial exporter only on the basis of the unification and rationalization of European industry: otherwise she will not be able to compete on equal terms with the industries of the United States. Indeed, if Britain is to avoid a suicidal competition for markets we shall have to envisage a deliberately planned development of overseas countries (*e.g.* China, Africa) so as to absorb the growing productive capacity of the world without bouts of unemployment.

On the home front considerable progress has been achieved. For many months previously the pleas for control over employment had been rejected as conflicting with liberty. Yet it is clear that

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the alternative method of restoring equilibrium — mass unemployment — would harm the interest of the workers much more than the restoration of control over employment. Conscription of labor cannot be envisaged in a free society. Control over employment there must be. The only question is whether that control is exercised by the power of the purse and monetary policy, or by deliberate decision of a responsible government. At long last the choice has been made, and the results of the first six months' operation of the new system by which employers can hire workers only through the labor exchanges have brilliantly vindicated the system. The charge that slavery is about to be reëstablished in Britain has been exposed to the ridicule of facts.

Concomitantly, the first timid steps have been taken to achieve the redeployment of manpower. Collective bargaining has not been restricted legally, but trade unions have been persuaded not to press for wage increases not justified by an increase in productivity. It is yet to be seen whether persuasion will be sufficient, but the principle that wage policy is an essential ingredient of economic planning has implicitly been accepted. At the same time steps were taken to extend the control over prices. In this respect, too, the measures taken have been tentative. As yet no attempt has been made to use price control to enforce rationalization, but once the system is established there is reasonable hope that its efficiency will increase and that the pricing mechanism will be used as an important weapon in conscious economic planning.

The clamor for severe budgetary and investment deflation has fortunately been resisted, though some measures have been taken to reduce monetary pressure. Gross investment of $7.6 billion in 1947 is to be reduced by $400,000,000 in 1948. This means that net investment will be smaller than even in 1938, if account is taken of the much increased burden of replacement and maintenance. Yet the Government's plans envisage an increase in investment in agriculture. This is a doubtful experiment in self-sufficiency, as the reorganization of our agricultural production has not been attempted. Subsidies to agriculture have been further raised and it is questionable whether the farmers, whose profits are already very high, will respond by increasing production. Housing plans have rightly not been cut, as houses are necessary to ensure the mobility of labor. It is the extension of transport facilities, and to some extent of factories, which takes

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the brunt of the axe. A tighter control over investment projects was obviously necessary in order to speed the completion of those already under construction, but the decision to compress the total volume seems unwise. But some rationalization of investment will be enforced. Unfortunately control over the purchase of equipment has not been reintroduced and it is doubtful whether persuasion will result in the right choice between different schemes. This method was tried and failed during the war. Nor can one be satisfied with the measures designed to achieve an increase in productivity. A beginning has been made in concentrating production and working double shifts prior to an organized drive for reëquipment; but these efforts — *e.g.* in cotton — have been on far too small a scale and far too timid. No effort has been made to evolve wide schemes for concentration and standardization. During the war successful experiments were made at increasing efficiency by establishing temporary holding companies dealing with entire industries and reorganizing their production. This method showed that the interest of smaller and relatively inefficient firms can be safeguarded even though they lose their identity during the period of reorganization. Private ownership is maintained, yet maximum output is achieved in the shortest time. Such schemes might well be taken as a pattern in dealing with small industries whose combined output is so important, especially in exports.

The two budgets since the dollar crisis maintain the subsidies needed for stabilization of the prices of necessities. This, in the face of determined hostile pressure, is their greatest merit. A rupture of price stability at this point would certainly have resulted in labor troubles and the refusal of the trade unions to cooperate in a coherent plan to restore the balance of the economy. Some attempt was made in the autumn to restrict consumption by increasing indirect taxation. But the increase was not significant and hit luxuries less than more necessary commodities. The recent budget has continued this program; purchase taxes were, however, reduced, even on certain luxuries, in contrast to taxes on indulgence (*i.e.* alcoholic drink and tobacco) which were substantially increased, with a result that total indirect taxation has been increased by $200,000,000. Unfortunately, the system of taxation was not coördinated more closely with general economic policy. No attempt was made to tax luxury services, nor was the work of physical controls made easier by introducing

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discriminative taxes on employment in unessential industries.

While the incidence of income tax on the marginal earnings of the lower income categories and of married women was reduced, far too few people have been totally exempted from direct taxation. Thus it is improbable that the administration of direct taxation will improve. Thousands of civil servants and private clerks are toiling to obtain a few score millions of tax revenue. The payment of tax by weekly wage earners is the most effective deterrent to increased effort. The new capital levy, ingenuously disguised as a surtax on unearned income, represents in fact no contribution to the solution of the so-called inflationary problem. Most of it will be paid out of capital, and the rest at the expense of saving; consumption will hardly be affected. It must be considered a gesture directed at the workers to secure their coöperation in agreeing to a freezing of wages. On the other hand, it completes a series of tax measures which have seriously weakened the incentive of the private owner to take new risks. It is from the decrease in state expenditure — amounting to some $800,000,000 in 1948 and 1949 — rather than from an increase in taxation that there is hope for an increase in the budget surplus and economic balance.

Whether these measures will suffice to restore the balance of our internal and external situation in the long run is questionable. There is, first of all, no sign that our foreign commitments have been adequately revised or that the disastrous experience in Germany has led to a consideration of policies. Secondly, the rationalization of production must be intensified. Even though Britain has obtained American help in sufficient amount to make possible an increase in investment above the level contemplated before the cuts last winter, there is immediate need of a thorough reorganization of industry. This is the gravest aspect of the British problem, and the failure to deal with it is deeply disappointing. The control of employment and the control over raw materials will have to be reënforced by a reorganization of the tax system. The financial weapon needs to be coördinated with direct fiscal controls over the distribution of scarce supplies.

If coöperation with the trade unions to establish wage scales which promote recruitment into undermanned industries and promote efficiency is unsuccessful, labor direction will be necessary. A cumulative increase in the wage level resulting from sectional bargains is not merely a threat to the currency but also

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retards production. At the same time, the Government ought to beware of policies which will result in unemployment; nothing could be more disastrous for a rational reorganization of British industry than a justified suspicion by the rank and file that increase in production must lead to a loss of jobs.

As we have seen, all calculations of closing the inflationary gap are vitiated by the fact that the largest portion of potential demand originates in accumulated wartime reserves. All efforts should be made to persuade people to refrain from using these reserves, and to increase their current saving. But it must be realized that we are dealing here with an extraordinarily unstable demand which might at any moment be withdrawn. Nor must it be forgotten that productivity will increase far more rapidly than before the war if a sensible industrial policy is pursued. This should also make the task of controls easier. The fears that an uncontrolled inflation threatens England are unfounded. Nonetheless, the problem of inflation exists; so does a balance-of-payments problem. But both should be tackled, not by measures which would inflict unnecessary hardship and jeopardize social peace, but by a reconsideration of our international position and measures to increase our productive capacity.

VI. THE LONGER-TERM OUTLOOK

The solution of the longer-term economic problem is not possible in isolation from the current political background. It depends on reintegrating Britain in a prosperous world economic system which, in turn, depends on resolving the unbalance in political and economic relations brought about by the Second World War. The formidable difficulties in the way of achieving this are both international and domestic, both intellectual and material.

The origin of the intellectual problem can be discerned in the discrepancy between the part played by Britain during the war and the problems posed by the aftermath. The contribution of Britain to victory was unique. She alone remained in the field after the disaster of 1940, and this secured the claims to leadership which enabled her to play the rôle of an equal partner of her much stronger wartime allies. When victory was at last achieved, it was psychologically difficult, if not impossible, for Britain to readjust herself to the new balance, or rather unbalance of power.

The vast revolution of world power might have been foreseen. The British position, although difficult, might in the longer run

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have been retrieved by a skillful combination of economic and political policy. Britain could perhaps have used her leading position in Western Europe immediately after the liberation to build up a strong common organization which eventually would have provided the required balancing third. Close coöperation with Europe, suitably harmonized with the existing special ties with the Commonwealth, might have provided a basis on which Western Europe could have been reintegrated eventually into the world economy. The serious physical damage to the densely populated areas, the loss of foreign investment and the long interruption of trade led not merely to an increase in industrial plant overseas but also to a shift of consumers' preference for non-European goods. The continued rapid progress in manufacturing efficiency overseas, and capital investment at a vastly superior rate than can be achieved in Europe, might well make this trend permanent. The creation by conscious and coördinated planning of a huge common area comprising Western Europe and its related overseas territories, based on much the same social goals and faced with much the same problems, must be attempted if the world political and economic equilibrium is to be restored.

During the war, the differences of opinion of the coalition Government were too great to make it capable of devising a new policy for Britain. The unexpected accession of the Labor Government in 1945 might have provided an opportunity to reconsider the position and longer-term aims. Two decisive factors militated against this. First, the United States was a determined adherent of Manchester Liberalism in the most dogmatic sense. It regarded non-discrimination, convertibility of currencies, the abolition of quantitative regulations, not merely as a means of increasing real income — though it can be shown that under modern conditions this is more than unlikely — but as a political or rather moral aim in itself. The pressure exerted by the United States during the war at the conferences convoked to consider the postwar reorganization was considerable.

Such a program, moreover, presupposed meticulous preparation and intimate political relations between Britain and Western Europe. The inability and unwillingness of Mr. Churchill to face the consequences of the war on the economic side and thus to face an analysis of the military strength of the country, together with the United States' opposition to what were then called "exclusive

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blocs," prevented Britain from recognizing that she could retain her position as a Great Power only by joining the smaller countries of Europe and building up a large economic unit dedicated to progressive social policy and the replacement of the bankrupt prewar system which had given rise to Fascism.

Most of the British political and economic experts were only too glad to use the American opposition to such a policy as an added argument. They feared that the effort required to provide effective leadership in Europe would necessitate the continuation of controls. They hoped that, after a slight transition period, Britain could settle down to a position not dissimilar to what it was before the war. They saw no reason for experiments.

The impact of Soviet hostility was directed in the immediate postwar period mainly against Britain. Thus a vicious spiral began which still holds the Continent and the world in its grip. Soviet hostility more and more drove the British into a position of dependence upon America, for there was no time or opportunity to oppose the U.S.S.R. merely by European coöperation. Soviet Russia, on the other hand, whose clumsy diplomacy caused the combination against herself, felt justified in her violent tactics by the fact that such a combination had come about.

On the economic front the loan negotiations with the United States determined British policy. Britain was committed to an abrupt restoration of free-market economics in international relations under conditions which made failure almost certain. No attempt was made to assess the over-all burden of the internal and external commitments. The crisis of last year, which took the country and the administration unawares, has now resulted in the reconsideration of American policy. It has become clear that the effort to restore the prewar economic system could not succeed in the face of the obstinate fact that the world was irretrievably changed. The Marshall Plan recognized that the balance could be restored economically and politically only by creating a strong Western European economy able to stand on its own feet. Far from being opposed to an attempt to bring about closer economic relations with Europe, the United States took the initiative in promoting it. It is unfortunate that this change has come about mainly as a result of the increasing tension with the Soviet Union, for it brought support of policies which seriously militate against the reconstruction of Western Europe. The inequality in distribution of income, the lack of social se-

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curity, the incapacity of the ruling classes to devote a sufficient quota of the national output to economic progress, render assistance without reform liable to failure.

The belated effort to bring about an orderly reconstruction and establish a strong unified Western European economic system faces many difficulties. Between the Scandinavian countries, Holland and Britain on the one hand, and the Latin and Mediterranean countries on the other, no common economic, as contrasted with political or military, platform is apparent. In the former, there is a régime of controlled economy with inflation kept firmly in check. In the latter, inflation is raging after free-market economies have been restored, with resulting serious social inequality and increasing social tension. In the former, no threat exists of violent revolution or quasi-Fascist authoritarianism. In the latter, democracy is assailed from both sides and is maintaining itself precariously.

The lessons of this sharp contrast have not been learned in Britain, and far less in the United States. There is still some reluctance to recognize, especially in America, that the return to free-market economies can have social dangers far outweighing any economic improvement, and that in the postwar circumstances even the extent of economic improvement which can be obtained in this way is questionable. The first requisite of a rational solution is an increase in European productive capacity and the restoration of its lost balance. This implies also rationalization of European production by making use of modern techniques based on mass markets. The second and hardly less important condition of success is the creation, by deliberately coördinated planning, of a large-scale economic unit within which this productive capacity can be developed. The task is formidable, and whether the older prejudices will regain their hold in the United States depends, perhaps, on whether quick successes are registered in Europe. After all, the degree of economic idealism demanded from the United States has never been achieved by any leading nation. It is nothing less than the voluntary foregoing of economic advantages — indeed, active help to potential competitors in their effort at revival.

Yet, here at last, if pursued with energy and insight, there opens a new opportunity for the solution of the problem of reintegrating Western Europe into the world economic system. It must be recognized that the standards of living and the political

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and economic systems of the 16 nations are far too varied to permit sudden economic unification. Reconstruction is impeded by the fear of war, which deters investment and leads to a capital flight. These obstacles need not be insuperable. The unification of even the five countries joined by the Brussels Pact necessitates considerable readjustment. Yet if it were undertaken as part of a program of general expansion of productive capacity, this readjustment could take the form of a discriminating *increase* of industries in which one of the members has a comparative advantage, rather than the abrupt *decline* of the same industries in others. The slow but progressive creation of a wide market in Western Europe could serve as the basis for rationalizing production in each of the constituent units. It would give some safeguards for undertaking a huge investment program. As a considerable part of the investment would have to be made by private firms, the relative security provided is an essential condition for success. This is the main argument for permitting Europe, at any rate in the transition period, to maintain and extend special arrangements with overseas food and raw material producers to secure her outlets for manufactures.

The foreign balance will in any case remain the gravest economic problem of Europe. After the Marshall aid comes to an end, Europe will still have to face the need for increased exports to pay for supplies which she will no longer receive from America. The United States, on the contrary, will suffer either from a cessation of her exports to Europe, or will encounter increased competition in third markets as a result of European efforts to obtain dollars. A further program in economic development in overseas territories, especially if American help were forthcoming, together with domestic measures in the United States to increase the standard of living, could overcome this hurdle. It is also to be hoped that, as the success of the plan becomes manifest, the Eastern European countries, including the U.S.S.R., will increasingly participate, at any rate through an intensified exchange of goods. The west, and especially Britain, cannot survive merely by limiting the industrial competition of her former enemies, Germany and Japan, or by securing undue special favors from overseas territories. Only a continued world-wide progress can achieve tolerable and rising standards of life.

The British reaction to these vital changes in the basic situation has not been adequate. Indeed, there is growing dissatisfaction in

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Britain with the Government for not taking an energetic lead. There seems some reluctance by the British Government to entrust decisions on the distribution of United States help to a large council consisting of the representatives of governments of so varied a character, and a desire for bilateral negotiations. Such a course might bring immediate advantages; yet, in the long run, Britain would lose the unique chance of obtaining an important, if not decisive, voice in a wider and therefore stronger system. Timidity at this point might well result in the failure of the attempt to reorganize the productive capacity of Europe. It is unfortunately only imperfectly realized in Britain that the difficulties of last year do not represent the full manifestation of the European crisis. Europe has not yet had to face an inter-European struggle for markets aggravated by American competition. She has not so far found difficulty in placing the goods she produced. The governments are far too oppressed by their immediate difficulties to envisage a far more deadly threat which lies in the future and which must be warded off, even at the cost of taking what might appear to be undue risks and foregoing immediate advantages.

Thus, the longer-term outlook for Britain and Western Europe hangs in the balance, even if there is no war. On both sides of the Atlantic, the new outlook has a precarious hold. On both sides the proponents of western recovery will encounter the hostility of vested interests which feel menaced. Political prejudice, incompatible with the success of the new departure, will have to be overcome, and attempts will have to be resisted to use United States help to bolster groups which are unable and unwilling to shoulder the responsibilities of promoting social progress. But even if, in the main, the opening success of the new policy has been due to the regrettable worsening of the international outlook, a new basis has been created on which the balance of the world can be restored and the present tension eventually overcome.

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MALTHUS AND THE PRINCIPLE OF POPULATION

By Rupert B. Vance

AN ESSAY ON THE PRINCIPLE OF POPULATION AS IT AFFECTS THE FUTURE IMPROVEMENT OF SOCIETY, WITH REMARKS ON THE SPECULATIONS OF MR. GODWIN, M. CONDORCET, AND OTHER WRITERS. By Thomas Robert Malthus. London: 1798.

NEVER was a book more perfectly timed than Thomas Robert Malthus' "Essay on the Principle of Population." It appeared in 1798, in the midst of the Demographic Revolution, and in the land whose population was to increase at a faster pace in the coming "British century" than that of any country on the Continent. One hundred and fifty years before, Europe had a static population of approximately 100,000,000. One hundred and fifty years later the advanced nations of Western Europe were to face a problem of declining numbers. But in 1798, when Europe's population of about 187,000,000 was beginning to multiply — and, despite vast migrations, was to reach a total of 550,000,000 — the principles of population increase propounded in the "Essay" had a terrifying importance.

In 1650 the population of the world had been approximately 500,000,000; in 1940 it was to be two billion. Half a billion of this growth came in the 150 years from 1650 to 1800, and more than a billion has come since then. The major characteristic of the whole period is the swarming of Europe. In 300 years the number of Europeans — counting those of unmixed descent living abroad — increased more than sevenfold. "Viewed in long-run perspective," writes Kingsley Davis, "the growth of the earth's population has been like a long, thin powder fuse that burns slowly and haltingly until it finally reaches the charge and then explodes." The most remarkable aspect of the increase in the population of the west which is called the Demographic Revolution is the growth of the English-speaking peoples; they multiplied from an estimated 5,500,000 in 1600 to 200,000,000 in 1940. In the last 150 years of statistical history the British Isles increased their population more than fourfold, while at the same

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time they contributed more than 17,500,000 people to the settlement of North America and the overseas Dominions.

From a study of the first edition of the "Essay," modern scholars believe that Malthus was addressing himself primarily to the problem of poverty, and that the question of population was secondary in his thoughts. He intended to examine the nature of poverty as Adam Smith had inquired into the nature of wealth. But he cast his book in the form of an answer to William Godwin and the social perfectionists, with the result that he infuriated both the theological conservatives and the social radicals at a single stroke. "For thirty years it rained refutations." Malthus was the most abused man of the age, says his biographer, James Bonar, put down as "a man who defended smallpox, slavery and child murder, who denounced soup kitchens, early marriage and parish allowances; who had the impudence to marry after preaching against the evils of a family; who thought the world so badly governed that the best actions do the most harm." As an expositor of the causes of poverty, Malthus came no closer to a convincing answer than do other distinguished exemplars of the one-track mind such as Henry George or Karl Marx. The monumental theory of population which he developed in the six revisions of his treatise is his major contribution.

As thousands who have never read Malthus know, he held that the growth of population tends to outrun the means of subsistence, and that unless this tendency is restrained it will plunge mankind into misery and chaos. Malthus presented the problem in his famous ratios: population increases by multiplication while the food supply increases by addition. Unless new land is added, he said, a nation can expect to produce each year just about as much food as it produced the previous year; but, as America showed, population might easily double each generation. Population, he continued, is brought into line with the food supply by certain checks. The ultimate check — the blank wall against which population increase will finally run — is famine. But other checks can operate before that one is reached — poverty, malnutrition, vice and war. Delayed marriage with moral restraint is the sole means of escape from such grim sequences and (the conclusion that particularly outraged Godwin) any project to better society and alleviate want which weakens this impulse merely aggravates the evils it seeks to cure.

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II

Modern scientists are inclined to avoid needless controversy by asking one question: How might the Malthusian hypothesis be rephrased so that it is subject to test by demographers? Perhaps, thus revised, it would run as follows: A large increase in population is to be expected, followed by a decline in the per capita consumption of food and an increasing death rate that will finally lead to famine; the only alternative is a postponement of marriage on a large enough scale to reduce fertility greatly. If this hypothetical statement is checked by the facts of demography, it is readily apparent that, except for the proviso about war, only one people in western civilization — the Irish — have fulfilled the reasonable expectations of Malthusianism. Viewing the scene 150 years after, modern demographers know that Malthus lived in a particular stage in the population cycle. Utilizing scientific resources unheard of in his day — census enumerations, vital statistics and advanced methods in mathematics — they are able to identify these stages and to show the vital changes in mortality or fertility that initiated them. Finally, they can project them into the future. But the very range of the modern methods of analysis and calculation that are employed to correct the work of this lone theorist, who wrote his first essay at a country seat far from documents and libraries, testifies to his achievement.

We know definitely that (aside from fluctuations due to war) the death rate has continued to fall since Malthus' time. In fact, we know that the increase in length of life, and not an assumed rise in the birth rate, was the cause of the great population revolution that led Malthus to propound his theory. As A. M. Carr-Saunders has shown, this decline in deaths started in England around 1730, the year the elder Malthus was born. The rate fell from 35 per thousand to 22 per thousand in 1820, three years after young Malthus brought out the fifth edition of his "Essay." One hundred and forty years passed from the first great downward break in English mortality around 1740 to the initial comparable break in the birth rate around 1880. Deaths continued to fall until they reached a low of 10 per thousand in the first decade of this century, and population continued to increase for the next 60 years, largely because of the lag between the two rates.

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Lives were saved in England as elsewhere by the great changes in medical, sanitary and social practices. Thus scurvy became rare by 1750 chiefly because farmers, instead of allowing the ground to lie fallow in winter, introduced root crops which provided vegetables and also brought more fresh meat. Later the use of cotton spread cheap textiles among the masses. Once it had been the custom to sew children into leather skins at the beginning of winter; now increased cleanliness lowered the death rate. Sanitation and medicine slackened the epidemic diseases and infant deaths that had scourged England for centuries.

The sanitary and medical revolutions saved the lives of children; the Industrial Revolution kept them alive as adults. As Harold Wright has said:[1] "The population problem with which Malthus was especially concerned, the problem of feeding a rapidly increasing number of Englishmen on the produce of an island which remained the same size, was solved for a hundred years at least, by an immense increase in the production of manufactured goods and the exchange of these for food and raw materials from new continents. As numbers increased, food actually became cheaper; more emigrants were available to grow food abroad and more workmen were absorbed in Europe in the production of the agricultural machinery, steamers and railways which enabled the food to be produced and carried home for their consumption." In short, the Industrial Revolution delayed the population crisis of England for a hundred years. In multiplying up to these new limits, England and Western Europe created a denser industrial population than they could reasonably hope to support, once industrialization had spread over the globe. In all justice to Malthus it must be pointed out that he foresaw this possibility, and in the following little-noticed passage warned against the danger:

> In the wilderness of speculation it has been suggested that Europe ought to grow its corn in America, and devote itself solely to manufacture and commerce as the best sort of division of the labour of the globe. But even on the extravagant supposition that the natural course of things might lead to such a division of labour for a time, and that by such means Europe could raise a population greater than its lands could possibly support, the consequences ought greatly to be dreaded. It is an unquestionable truth that it must answer to every territorial state in its natural progress to wealth, to manufacture for itself. . . . But when upon this principle America began to withdraw its corn from Europe and the agricultural exertions of Europe were inadequate to

[1] Harold Wright, "Population." New York: Harcourt, 1923, p. 33.

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make up for the deficiency, it would certainly be felt that the temporary advantages of a greater degree of wealth and population had been very dearly purchased by a long period of retrograde movements and misery.[2]

Though the Industrial Revolution thus gave Europe a respite from the dangers of overpopulation, this in itself was not a permanent adjustment to the challenge which Malthus had formulated. When the compensatory movement began, it took the course he advocated — a sharp and continuing decline in births — although it did not come about in the way he envisioned. Marriage rates, save in one area which we shall notice, remained high. The peoples of western culture avoided the population crisis by the movement variously known as Neo-Malthusianism, birth control, contraception or family limitation. If we say that the fall in deaths initiated the Demographic Revolution, we may say that the decline in fertility began the counter-revolution.

It was evident by 1850 that the birth rate was falling in France, the United States and Ireland. The evidence indicates that the high fertility of colonial America had started to decline by the time of the first census in 1790. From 1847 to 1914 France's birth rate declined from 27 to 19 per thousand; during the course of the First World War it dropped to 11, and then after a temporary rise resumed its downward course. It has declined with little or no change in the age of marriage or in the proportions of the married and single parts of the population. The decline has been due to the restriction of fertility within marriage. Apparently the practice of limiting the size of the family was initiated in France, and spread from this country to other nations of Western Europe.

In England the birth rate reached a high point in 1870. By 1880 English fertility was in full decline, and from 1870 to 1930, a short 60 years, it fell from 35 to 15 per thousand. The whole tone of English life was conducive to this transformation. Certainly no one in Britain was more "Victorian" than the Queen, and no one better represented the views of the British people on questions which, in the literal sense of the word, were domestic. In 1841 she wrote to the King of the Belgians: "I think, dearest uncle, you cannot *really* wish me to be the *Maman d'une nombreuse famille* for I think you will see with me the great inconvenience a large family would be to us all, and particularly to the country, independent of the hardship and inconvenience to

[2] T. R. Malthus, "An Essay on Population." Seventh edition. Everyman's Library, Vol. II, p. 111.

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myself; men never think, at least seldom think what a hard task it is for us women to go through this *very often*."

Why did the realistic Malthus fail to envisage this possibility of family limitation — the most significant demographic movement in the modern world? To most liberal thinkers Malthus seems to serve two very different masters: utilitarianism and authoritarianism. The German demographer, Hans Meyerhoff, even holds that Malthus' work was nullified by his deference to tradition: "a mythological cuckoo's egg in the nest of exact science." This seems unjust, but after careful study, James A. Field has come to the conclusion that Malthus knew of the propaganda for birth control in his day and vigorously denounced any physical device for limiting family size.[3] This deference to orthodox tradition — the only instance in which the demographer deserved the epithet "Parson Malthus" so often hurled at him — left contemporary agitators like Francis Place, Richard Carlike, Robert Dale Owen and Dr. Charles Knowlton in better command of the means of scientific prediction than Malthus. In Malthus' view, the prerequisite for marriage was "the prospect of being able to support a wife and six children." (Modern demographers calculate that three children per fertile family are adequate for population replacement and stability; six per family would have come close to doubling the population each generation.) There is no doubt of the sincerity of Malthus' advocacy of moral restraint, but we may note also that the radical writers of his day pointed out what so many clergymen, physicians and social workers emphasize now, namely, that if society wishes to make sexual continence a supreme value, early marriage must be made possible.

The history of Irish population is a tragic illustration of the Malthusian dilemma. Its motif was famine. In 1610, Sir Walter Raleigh began to grow potatoes from America on his Cork estate, and within two generations this had become the common food of Ireland. An oppressed, neglected people, provided with this new source of nourishment, married young and bred rapidly. By 1845 the population had doubled within the memory of living persons, and had reached a total of 8,300,000. As Sir James O'Connor wrote in his "History of Ireland": "The priesthood favored early marriages. The Irish policy favored sub-letting, and early marriages and sub-letting combined made for

[3] *Cf.* "Essay," Appendix, fifth ed., 1817, and sixth ed., 1826, II, 479.

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an over-rapid increase in population. Nearly three-and-a-half millions of the people lived in mud-cabins, badly thatched with straw, having each but one room and often without a window or a chimney." The blight which can rot potatoes in a few days appeared in America in 1844, and in the summer of 1846 swept Ireland like the Black Death and destroyed the food supply of the peasantry. In the five years from 1846 to 1851, 1,000,000 died; 21,770 deaths were reported due to starvation from 1841 to 1851, a cause always unlikely to be entered on official records.

The sequel was a mass exodus from Ireland. In a decade, one-fourth of the population migrated, mainly to the United States, and within two generations 5,000,000 had left. The Irish met the situation by postponing and foregoing marriage. The Irish birth rate for the mid-nineteenth century can only be estimated, but Carr-Saunders holds that it was probably nearer 40 than 30 per thousand before 1850, and began to fall about that time. It was 26.2 per thousand in 1871–81, and 21.1 per thousand in 1911–1926. Within this period the proportion of unmarried Irish women, aged 25 to 35, increased from 28 percent in 1841 to 53 percent in 1926. For a whole population to delay marriage for an appreciable length of time means, of course, that many will forego marriage entirely. In 1841, 15 percent of Irish women in the higher ages, 35–45, were unmarried; by 1926 this figure had risen to 29 percent. Thus, three-tenths of all Irish women now live through the reproductive period without marrying. For those who married, however, fertility remained as high as ever. In 1861, there were 130 children under five years of age for every 100 married women under 45 in Ireland; in 1926, the corresponding number was 131 children. In England, during the same period, the corresponding figure declined from 116 children per hundred married women to 71.

Irish population is now stabilized around 4,300,000, approximately half the number before the famine. Ireland now has the highest rate of celibacy in western culture, if not in the world; she contributes her sons and daughters to the priesthood and sisterhood of the Catholic Church the world over. In England, France and the United States there has been little or no decrease in the proportion of married people. That Ireland has thus reduced her birth rate by foregoing marriage is the product of a strange chain of economic circumstances, reinforced by the loyalty of her people to the Church. Her tragic story demonstrates the

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pattern of population reduction the western world might have followed had it heeded Malthus the moralist, not Malthus the scientist, and indicates how drastic are the measures required to enforce the Malthusian prescription.

III

Few students of the problem now expect to arrive at a general law of population growth applicable to all peoples at all times. Today the spirit of relativity pervades the domain of demography no less than that of physics. But Malthusianism is a thread in the fabric of all history that has been woven since Malthus published his thesis. Anyone disposed to deny that ideas have consequences might note the acute comment of Leonard T. Hobhouse. "The Malthusian theory," he wrote, "was one cause of the defeat of its own prophecies. It was the belief that population was growing too fast that operated indirectly to check it."

Malthusian theory is thought by demographers today to be most fruitful when examined in relation to successive stages of a world-wide demographic cycle, different phases of which are evident in various nations and regions. Frank W. Notestein and his associates at Princeton University, who have done most to explore this cycle, describe these stages as: first, potential growth; second, transitional growth (represented by Western European experience, a part of which Malthus witnessed); and third, incipient decline (uncharted in the Malthusian theory).

Professor Notestein estimates that approximately half the world's population is now in the stage of potential growth comparable to that of medieval Europe. With some variations the Near East, all Asia (outside Japan and the Soviet Union) and the least developed countries in Central and South America are in this pre-Malthusian stage. There is high fertility, but population is held stable by high death rates. These are the countries in which lives can be saved by medicine and sanitation only to be lost through poverty and famine in true Malthusian fashion. Though it is difficult to describe with any accuracy conditions in a nation which lacks a modern census and vital statistics, China may perhaps be taken as representative of the fluctuations and the essentially static demography of this stage. We know that modern sanitation and medicine have not yet reached the Chinese masses, and many scientists doubt if China's large population has for many centuries shown a permanent increase. However,

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since there is fluctuation around an equilibrium of high fertility and equally high mortality, China has a young population capable of large increase once the forces of death are restrained.

In the past, Chinese population growth apparently followed the cyclical path later experienced by the western world. At the beginning of each new dynasty, peace and order were maintained, there was an excess of births over deaths, an increasing division of labor, and cultural advancement. But though China reached a high stage of civilization, she did not develop technological resources as the west did later on, and hence the population continued to increase up to the saturation point. Then came famine, pestilence and finally war and revolution, bringing a new dynasty and temporarily reducing population pressure. This Malthusian cycle has occurred four times since the second century A.D. Today the potential of China lies dormant; her population pressure is not "felt," that is to say, it is not rationalized as a source of policy as in Japan.

In India the rudiments of sanitation, control of epidemics, improved communications, and the extension of law and order have brought a fall in mortality that produced a gain of 83,000,000 in population in the two census decades from 1921–1941. India is thus mobilized for further increase, and there is no sign as yet that she will take the path of either France or Ireland.

Japan has entered the second phase of the cycle — the Demographic Revolution introduced by a declining death rate. She has explored the possibilities of large-scale industrialization and is the one country which demonstrates that the Orient, too, can reduce fertility. Not only have Japanese death rates shown a marked decline, but in the recent period birth rates have turned downward. Significantly, Japanese vital statistics from 1920 to 1940 show a marked similarity to those in England and Wales from 1881 to 1901. During the interwar decades birth and death rates in Japan were about the same as those in England 40 years earlier, and declined at about the same pace. But it is important to remember that, as Professor Notestein says, "Modernization and urbanization in Japan have moved rapidly, but population growth has been of the type that implies a tripling of the population in a century, and more than half of the increase would come after the birth rate began to fall." Though Japan gave the world an example of rapid industrialization, the future trend of her population will depend on the extent to which her drastic defeat

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has curtailed her economic development. The demographic requisites for growth are still present in the Japanese population.

The U.S.S.R., bridging the huge land area between Europe and Asia, characteristically also links the differentials of east and west in population growth. It is now enjoying the fruits of the Demographic Revolution and is the one country capable of exploring the full possibilities of transitional growth. There has been great industrial expansion, and deaths have been brought under control by medical and sanitary progress. Industrialization was initially accompanied by a slight fall in fertility, but this seems to have been overcome, and national policy actively encourages large families. In addition, the age structure of the Soviet Union indicates that there will be an increase in the number of women in the reproductive ages during the next few decades. Frank Lorimer, in a reconstruction of the Russian census in his "Population of the Soviet Union," projects a gain of 70,000,000 from 1940 to 1970.

An ideology of expansion and an expansive demography often go together. Russia has reached the ascending phase of the cycle as Western Europe is entering the phase of incipient decline. In proportion to its base population, Russia's growth is no greater than, for example, the great increase in the population of Java under Dutch colonial rule, but Russia has an extra dimension — the industrial realm — to absorb her population growth. (Java has already reached the limits of density of an agricultural economy.) And the Soviet Union also has within her own borders the largest undeveloped area possessed by any major Power; Siberia is still Russia's greatest colony. There is hardly any doubt that the Soviet Union will undergo large demographic expansion. The great question for the rest of the world is whether it will be kept within her own boundaries.

When we discuss the third stage of the great cycle — incipient decline — we pass beyond Malthus; stabilization and falling population are unknown to Malthusianism. The countries of Central and northwest Europe were the first to enter the third phase. France, Sweden, Iceland, Austria, England and Wales face declining populations by 1970. Ireland, as we have seen, is replacing her population but not increasing it. Germany may well be added to this group because of war losses. Poland suffered the greatest deliberate sabotage of population of any country in recent times at the hands of the Nazis, but her population struc-

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ture is such that recuperation is possible if economic conditions are at all favorable. Demographically speaking, these populations of Central and northwest Europe are reaching maturity. Low fertility reduces the proportions of young people; improved life expectancy increases the number of the aged. Since the majority of women in this region are now living past age 50, increased length of life will bring little added reproduction. In the United States, Australia and New Zealand a white woman may expect to live to the age of 67. Were it not for the chaos of war, western civilization would have the life goal of three score years and ten within its grasp, possibly within two decades.

On the projection of 1935–39 rates, the American population was expected to cease growth around 1980. But the United States has come out of World War II with unexpected gains in population. The large number of births so greatly exceeded war casualties that the American people are not yet faced with incipient decline.

But at this point in the analysis, we enter territory where modern demographers are inclined to set up only tentative guideposts. Knowledge of what can happen, and what is likely to happen if "natural" forces have their way, is a challenge to men to use their intelligence and their will to produce results more in keeping with their needs and desires. Some students see no real prospect of depopulation. The prospect of a declining phase in the population cycle is based on the projection of trends now current. But who can tell, it is asked, what social changes an awareness of these trends may bring into effect? We have seen that overpopulation can set in motion certain social and economic forces which check it. Will the fear of underpopulation do so? Is the present "birth strike" a revolt against some of the anomalies of industrialism and the economic order? Will it cease if more equitable and rational social institutions are developed? We may well leave this end of the population cycle open, admitting that in our own lifetime we shall probably not know whether a permanent decline in population has set in for the advanced countries in western civilization. Few experts believe that there can be any "automatic" tendency to equilibrium in population, on the side of checking population decline or on the side of arresting its growth. But consciousness of possible dangers makes a great difference in the affairs of men. Perhaps that is Malthus' most important lesson.

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CANADA AND THE INTER-AMERICAN SYSTEM

By Vincent Massey

WHEN Americans ask their Canadian friends, "When are you people going to join the Pan American Union?" they are often surprised to discover that Pan Americanism is not regarded as a matter of immediate importance. Many persons north of the border feel that there are few if any reasons for Canadian entry into the Union, and many reasons against it. Those who look upon such action as desirable or inevitable are in a minority. Since this is an unexpected response, which puzzles and somewhat distresses Americans who have taken a different attitude for granted, the personal view of one Canadian who has been interested in the subject for many years may be useful.

It is unnecessary to say that if Canadians are opposed to their country's membership in the Pan American Union, the attitude betrays no lack of cordiality toward the 21 states which compose it. With the greatest of these we are on terms of intimacy and friendliness which reflect the feeling of all Canadians; the word "foreign" is rejected on both sides of our common frontier. Canadians know much less about the nations of Latin America, but we should like to know more and to establish closer contacts with them in many spheres of mutual interest. Our expanding diplomatic representation in Central and South America is an earnest of this. Canada's attitude toward the Inter-American System is not the measure of her goodwill toward its members, but simply of a conviction that the concord can best be maintained and extended by her non-participation in the mechanism of the Pan American Union.

The friendly and sincere suggestions that Canada should join the Union invite an appreciation of the cordial motives which prompt them, but their terms also call for careful analysis. Rhetoric and reality are too often confused in human affairs, and the field of international relations provides no exception. When Canada is asked to join the Pan American Union and thus complete the "continental brotherhood," or when the proposal is made in the name of "hemispheric solidarity," the phrases call for dispassionate examination. As slogans inviting the nations of the

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Americas to collaborate in defense, or as a warm appeal for international friendship, they must be welcomed; but as descriptions of fact they have little meaning.

II

What degree of unity do all the nations of the Americas possess? Certainly they all reflect the influence of the environment of the New World on their national life. But there seems little or no basis for anything that can properly be called "hemispheric unity." Twenty-one American nations severed their political links with Europe and have similar revolutionary backgrounds; but Canada is an important exception to this, for her independent status has been acquired within the bounds of a world-wide Commonwealth. The attitudes of the American Republics toward Europe have, in the past at least, had much in common, but their unity of outlook has not been "continental." There are striking cultural differences between the nations of North and South America, nor can the western hemisphere be regarded as a unit in a geographical sense. North and South America are, it is true, linked by an isthmus, and although there is little or no traffic along that strip of land it gives the illusion of geographical contact, because of men's odd habit of thinking that only land is a connecting element. But if Canadians visit South America they must travel by water or air; Canada is farther from most of South America than from Western Europe.

It is hard to attach much meaning to such a phrase as the "American concept of life" when it is applied to the American nations as a group. In economic practice and political life the western hemisphere presents a varied picture indeed. All its nations proclaim democratic principles, but it is unfortunately true that in parts of Latin America the word is taken for the deed in this respect. Canada has much more in common both culturally and politically with her sister nations of the British Commonwealth, and with the democratic states of Europe, than with the South American continent. We belong to the northern hemisphere rather than to the western, for in the northern half of the globe are both Great Britain and the United States.

In the past, the Inter-American System has not by any means represented the unanimous sentiment of the Americas toward the problems of world security. After the outbreak of war in 1939, the representatives of the American Republics gathered in

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Panama, not to announce their solidarity against Fascism but to declare "their unanimous intention not to become involved in the European conflict." Had Canada belonged to the Pan American Union at that time, she could not have accepted that decision. In Pan American addresses there is often an underlying premise that the organization speaks for the whole hemisphere. But in addition to Canada and Newfoundland, the populous British West Indies, other British colonies, and French and Dutch colonies (whose abandonment is now demanded by certain Latin American spokesmen with less understanding of their position than was shown by President Monroe 125 years ago) are not members of the Inter-American System.

It has often been suggested that Canada could not join the Pan American Union and still remain a member of the British Commonwealth, but that, of course, is entirely untrue. Commonwealth relations are so flexible that Canadian entry into the Union would present no constitutional difficulty. Sometimes, however, although it is admitted that Canada is free to join the Union, it is suggested that London would put subtle pressure on her to prevent such a step. This would never happen. London would not express any views on such a subject. As a matter of fact, it never once came up for discussion, so far as I can recall, during the decade I was Canadian representative in London. In my experience, the British grasp of Canadian problems and viewpoints has been unfailingly understanding. In short, London has consistently recognized the independent existence of Canada not only in terms of the letter but of the spirit as well.

Some of our neighbors, living as they do under a different system of government, find it difficult to understand the Canadian position as a sovereign state within the Commonwealth, enjoying complete independence, but linked by a common Crown with the United Kingdom and the other British countries. The less knowledgeable still ask whether we pay taxes to London or whether the British Parliament exercises some control over our foreign policy; and even in the United States there are many who assume the answer to both questions is "yes." Canadians themselves are somewhat responsible for this confused thinking, for we have done less than we should to describe the situation clearly. In South America it is natural that knowledge of Canada and her institutions should be even less precise, and this is reflected in

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Pan American circles. Canadians have noted that friendly references to Canada made in moments of "hemispheric" enthusiasm do not seem accompanied by a corresponding understanding of Canadian institutions. At the Inter-American Conference in 1938, when consideration was given to the problems of minorities in South America, the following statement was included in a resolution: "The system of protection of ethnical, language or religious minorities cannot have any application whatsoever in America where the conditions which characterize the group known as minorities do not exist." They do exist in Canada; we have a minority of this kind. Its place in the nation is protected under our Constitution. Again, in the Declaration of Neutrality at Panama in 1939, it was stated that "the peoples of America have achieved spiritual unity through the similarity of their republican institutions." Canada would seem to have been omitted from the list of "the peoples of America," for she does not possess republican institutions.

But this is by the way, although such considerations are not entirely irrelevant. If so little is known of Canada's Constitution, it is not strange that the attitude of Canadians toward the Pan American Union should be misunderstood. It does not seem unnatural to Canadians, however, to look on the Union as an organization with many useful achievements to its credit, and yet not to feel closely concerned with its activities. The subjects which occupy the attention of the organizations in the Pan American system and the conferences held within its orbit are important for the states living more or less in contiguity, some of which are less advanced in their development than others. That they should deal on an international basis with such matters as trademarks, sanitation and hygiene, consular procedure, patents, highway construction, labor relations and international law is useful. Canada, however, has long had her own standards in such matters. The United States is the only American nation with which we must take joint action on such things, and with her we are always able to make satisfactory bilateral arrangements. Moreover, Canada can always be represented at a Pan American conference when this is thought desirable, and she is free to adhere to the resultant conventions when she wishes.

III

There are two subjects of practical importance which may seem

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to call for Canada's membership in the Inter-American System. One of these is trade. It is said that Canadian membership would lead to an extension of our foreign commerce. But this view is held largely by those who are without business experience. There is, indeed, no reason to believe that membership has accounted for expansion of trade. Canadian commerce with the 20 countries of Latin America is very modest in volume; before the war it was not even 3 percent of our business abroad. Some Canadian commodities, moreover, compete with those of Latin America. There has been a sizeable rise in the volume of Canadian trade with this area in the last few years, but the total involved is still very small. Canada's efforts to increase it will be best served by dealing directly with the countries of Latin America rather than by attempting to develop markets through contacts formed at meetings of the Pan American Union in Washington and elsewhere. Indeed, the Union has itself emphasized that inter-American trade is largely promoted privately.

The other subject calls for the closest attention, and is now of paramount importance — defense. Canada's relation to the Pan American Union under this heading must be considered both in terms of advantages and responsibilities. The question is not only, "Would we benefit from membership?" but, "Have we a duty to join?" When the Inter-American Treaty of Reciprocal Assistance, signed at Rio de Janeiro in September 1947, was debated in the United States Senate in the following December, one Senator, who cast the solitary vote against the pact, said, according to the report, that "at the present time Canada is in the position of getting a free ride. She has benefits but no obligations." The criticism was effectively answered by a Senatorial colleague, and the critic informed of the satisfactory joint arrangements existing between Canada and the United States on the subject of continental security.

The assumption by Canada of very definite obligations relating to the defense of the Americas dates from August 1940, when the United States and Canada established their Permanent Joint Board on Defense, in accordance with the Ogdensburg Agreement. By the terms of the Agreement, the Board was "to consider in the broad sense the defense of the north half of the western hemisphere." On February 12, 1947, governmental statements were made simultaneously in Ottawa and Washington to the effect that the collaboration between the United States

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and Canada in the interests of security which was initiated in 1940 would be continued under postwar conditions. The Agreement under which both nations undertook to coöperate in defending "the north half of the western hemisphere" thus obliges Canada to share in the defense of an area extending from northern Greenland to the mouth of the Amazon. Canada and the United States are indeed more closely knit for purposes of defense than any of the other states in the western hemisphere. Should aggression ever threaten this continent, Canada's responsibilities will be apparent and well-defined. "Hemispheric defense" is, of course, a misleading phrase; it was originally a by-product of the widespread belief that continental isolation guaranteed security. The atom bomb should have disposed of that old and persistent misconception. The security of the western hemisphere depends not on geography but on effective international organization.

In this connection, what of the Pan American Union in relation to the United Nations? Save in one or two instances, it was not successfully related to the League of Nations. The architects of the United Nations, however, wisely provided for regional security pacts under Chapter VIII of the Charter, and the Inter-American Treaty of 1947 was dovetailed into the world security system as envisaged in San Francisco, taking advantage of the articles under the heading "Regional Arrangements." It was agreed " . . . that an armed attack by any State against an American State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations." More recently, the world has seen another regional security agreement signed at Brussels by the representatives of five nations in Western Europe. This treaty also is not only in harmony with the Charter of the United Nations but has been fitted into its structure. "If any of the high contracting parties," so runs Article IV, "should be the object of an armed attack in Europe, the other high contracting parties will, in accordance with the provisions of Article 51 of the Charter of the United Nations, afford the party so attacked all military and other aid and assistance in their power."

When the Charter of the United Nations was first published,

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the reference in its text to regional security pacts may have seemed to possess almost an academic flavor, but during the last three years, as hopes for such a universal system of security have faded and the plan itself has been all but destroyed by the corrosive influence of Communist power politics, such regional arrangements have assumed steadily increasing importance. If the nations of the Americas are committed to their joint defense, and an important group of the states of free Europe is similarly united, it may be said that we have at least two islands of security in a world-wide ocean of doubt and danger. But it is not an undue simplification of the matter to say that the security which these islands enjoy will be only relative security until there is a bridge between them — in other words, until we accept the full implication of a joint arrangement under which a threat to one of these areas will be regarded as a threat to the other. That means nothing less than that the Americas must underwrite the safety of Western Europe, and that Western Europe must assume a reciprocal obligation. Such an interlocking of regional security arrangements would offer an escape from the impasse with which the United Nations is now confronted. A significant statement was made by the Prime Minister of Canada when, speaking in the House of Commons in Ottawa on March 17, 1948, on the Brussels Treaty of Mutual Guarantee, he said:

> This pact is far more than an alliance of the old kind. It is a partial realization of the idea of collective security by an arrangement made under the Charter of the United Nations. As such it is a step towards peace, which may well be followed by other similar steps until there is built up an association of all free states which are willing to accept responsibilities of mutual assistance to prevent aggression and preserve peace.

Referring to the Canadian attitude toward this Treaty, Mr. Mackenzie King continued: "The peoples of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the Charter of the United Nations."

If regional pacts are to provide the basis of an effective system of world security, they must look beyond the boundaries of their regions. The Pan American movement was cradled in isolationism and reared in that unstable faith; it was the primary motive which led the South American states to organize themselves in a group in the nineteenth century. In both world wars Pan Ameri-

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canism showed its isolationist traditions. In the First World War, only eight Latin American Governments declared war on Germany. In the Second World War, victory was almost in sight before four of the South American nations undertook to enter the conflict; and four others abstained from declaring war. The greatest of the American nations, however, has renounced isolationism, and, after the most profound mental revolution in her history, has matched her power with a sense of responsibility, knowing that civilization cannot survive without all that she can contribute to its welfare and stability. It is now to be hoped that the Latin American partners of the United States will broaden their thinking accordingly, and that American regionalism will be built into the foundations of a system of world security.

With all this Canada is deeply concerned, and it is undoubtedly the wish of her people that she should play her full part. But Canada can fully discharge her responsibilities in all the fields with which the Inter-American System is concerned without becoming involved in the machinery of that system. Unnecessary embarrassment would result from her membership. Numerous issues have arisen as recently as at Mexico City in 1945 and at Bogotá this year on which the Latin American Republics were ranged on one side and the United States, equal in population to all of them, on the other. Such questions have often been related to subjects in which Canada has no immediate interest: the avoidance of irrelevant problems cannot be regarded as an evasion of responsibility. As for inter-American problems which are truly relevant and which involve Canadian interests, we find that they center about our bonds with the United States. Canada has a much closer relation with the United States than has any other nation. She can serve a more useful rôle in inter-American affairs by maintaining this relation than by attempting to subordinate it to the diverse requirements implicit in membership in the Pan American Union. Friendship with all of Canada's sister nations in the Americas, our knowledge of their life and theirs of ours, will be best promoted by our sincere efforts to foster mutual understanding in ways which seem to us most effective and appropriate.

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FAVORABLE OMENS IN ITALY

By Vittorio Ivella

THE April 18 elections in Italy were a referendum for and against Communism, the Marshall Plan and collaboration with the western world. A large majority of the Italian people chose the democratic western course. They were voting for a way of life, not primarily for a political party, but, since the de Gasperi Government embodied the only force which could make this choice effective, they tended to vote for the Christian Democratic Party which is the basis of that Government.[1] Many who do not much favor the Christian Democrats cast their votes for the Catholic Party because they wished to see one non-Communist party predominant in parliament.

Prime Minister de Gasperi, who presented himself as a national leader, was the principal author of the victory. He is a man of long political experience, formerly a Catholic member of the Austrian Parliament, born in the borderline city of Trento under the Austrian Empire. When the electoral results were made public a great mass of people gathered before the headquarters of the Christian Democratic Party to cheer him, and after he had addressed the crowd he turned to some of his intimate friends and said: "I am still the Social Christian of my youth." The words Social Christian express his creed and, in a sense, his program. De Gasperi, his party and his Government adhere strictly to the Christian doctrine both in the moral and the social fields. He has often pointed out that the Communists have made reform difficult or impossible for his Administration because of their insistence upon making every economic problem a social problem and every social problem a political problem. Now the responsibility for Italian policy for the next five years rests on his shoulders.

From 1870 to 1922 Italy was the liberal state created by the Risorgimento. It suffered a crisis under the Fascist régime but did not completely disappear, for much of the old framework was

[1] The final results in the election for the Chamber were: Christian Democrats 12,751,841 or 48.7 percent; Popular Front 8,025,990 or 30.7 percent; Right Wing Socialists 1,860,528 or 7.1 percent; National Bloc 1,100,156 or 3.8 percent; Monarchists 729,987 or 2.8 percent; Republicans 650,413 or 2.5 percent; Italian Social Movement 525,408 or 2.1 percent; other parties 618,644 or 2.3 percent. The Chamber will be composed as follows: Christian Democrats 307, Popular Front 182, Right Wing Socialists 33, National Bloc 18, Monarchists 14, Republicans 9, other parties 11.

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retained by the dictatorship and men like Sforza, de Gasperi and Bonomi kept the ideals alive. The new régime is more democratic than any Italy has known. It has brought the masses into the center of the political arena, and has made the Catholic Party — once on the margin of the national life — the driving force of the new democracy. For the first time in the history of a united Italy, the Catholics have a leading rôle in the affairs of the state. This is their great test.

The formula upon which political procedure was based in Italy for the last 50 years (save in the Fascist interlude) was an expression of the multiplicity of political parties and splinter groups. It now seems likely to be greatly modified. The April 18 elections have wiped out, or considerably reduced, some of the small right-wing and left-center parties. Though at the time of writing no one knows whether the democratic Socialists and Republicans will participate in the new Government, the outcome seems likely to be a coalition formed by Catholics, Right Wing Socialists, Liberals and Republicans, and, in opposition, there will be a coalition made up of Communists, the Nenni Socialists and minor groups allied to the Communists. This is a development in the direction of the British two-party system. But, of course, there is one great difference between the system which appears to be taking shape in Italy and that which exists in Britain. Should the Government fail, the alternative would not be a government formed out of a loyal opposition, but the rule of a party pledged to revolution, which would totally transform the political, moral and social structure of the country.

The extreme importance of maintaining the coalition explains why the Christian Democratic National Council, which is soon to meet in Rome to plan the future program of the party, explicitly spoke of the need of agrarian reform, and insisted that the Government must be oriented toward the left center as well as toward the Catholic center. "The Christian Democratic Party is a party of the center which keeps to the Left," declared de Gasperi in *Il Messaggero* the day before the elections; and he added that his aim was the creation of an "Italian Labor Movement." Such reforms are in the tradition of the Christian Democratic Party, and will be influenced by the fact that the Christian Democrats are now a mass party, as well as by the participation of the left-center in the Government.

Togliatti and the Communists lost the election because they

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advocated a reversal of Italian foreign policy, and because they threatened the disintegration of Italian society. The Communists aimed at the annihilation of the independent left-wing forces. They hoped to divide Italy into two extreme factions, forcing de Gasperi to take a reactionary position. This is in keeping with the Marxist dialectics for the creation of a revolutionary situation, *i.e.* Communists versus Conservatives. Viewed from this angle, it is apparent that Togliatti did not suffer a complete defeat; by manœuvring preferential votes, he practically crushed the Nenni Socialists and the smaller parties. But thanks to Saragat and Lombardo, who refused to become prisoners of the Communist Popular Front, democratic Socialism was kept alive.

The historic battle of the Government will not be won until the 8,000,000 Popular Front votes have been reduced to the few million which are cast by people who really are aware that they are voting for Communism, and not for the popular image of Garibaldi. This sets the shape of the Italian political problem, and indicates the importance of the left-center Socialists and Republicans, even though they sit in parliament in small numbers. Only a broadly-conceived social policy which makes possible a truly progressive Italian life will cut down the Communist vote, undermine the influence of Communism which is very strong in the General Confederation of Labor, and permit trade unionism to play its old part in the protection of the economic interests of the workers.

The two great economic problems are agrarian reform and industrial reconstruction. Before discussing these, however, I should mention the extremely delicate political problem of adjusting the measures of regional reorganization (as distinct from administrative decentralization) passed by the Constituent Assembly. The Constituent Assembly was in revolt against the political centralization of Fascism, and forgot the old evils of excessive decentralization. After the Liberation, Sicily asked and obtained regional autonomy, as did Val d'Aosta. This is a tendency that holds great dangers; Italy is too rich in regional and even municipal traditions. Though the verdict of the voters was clear-cut on April 18 and the Government will have a stable majority in parliament, the Regional Assemblies must now confirm the results of the elections. If they fail to do so — and it is not easy to mobilize 90 percent of the electors again — some regions may be administered contrary to the directions of the central government.

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II

The problem of Italian agriculture is twofold: first, to increase production, and second to distribute agricultural income more equitably. No democratic solution is possible for one aspect of the problem which does not embrace the other. In pursuit of a policy of national expansion, Fascism disregarded the question of equitable distribution of income and concentrated, with some success, on enlarging agricultural production. It utilized the simple and traditional device of maintaining artificially high prices for farm products, thus increasing the cost of living for the whole population and conferring great benefit on landowners.

The wartime destruction reduced agricultural income by more than 50 percent. The supply of livestock was cut drastically and land was for several years deprived of fertilizers. Democratic Italy inherited these problems. Mine fields had to be cleaned up, areas flooded by the destruction of irrigation had to be redeemed, communications and houses rebuilt, ports restored, and so on. Considering the amount of devastation, the results obtained were noteworthy. Agricultural production in 1947 was 78 percent of that of 1938, which may be considered a normal year. This 1947 output was achieved despite unfavorable weather; "normal" weather conditions would probably have made possible an agricultural production of 90 percent of the prewar total.

Moreover, in spite of the confused political situation, the Government adopted courageous measures of social reform. By enforcing earlier decrees of October 1944 and September 1946, it distributed to peasants 190,000 hectares of untilled or partially cultivated land belonging to private citizens or to public enterprises. It made loans amounting to about a billion lire to small landowners and farmers. An arbitration award issued by de Gasperi granted peasants a 10 percent increase on the stipulated share of production; and a recent decree of February 1948 provided special arrangements to facilitate the establishment of small farms. No one would claim that such measures are more than a small beginning, but they show that the Government is aware of the problem; and the masses of Italian folk backed the Government at the election. With Marshall Plan aid, agricultural production should soon return to the prewar level.

Meanwhile, the National Institute of Agrarian Economy, in coöperation with the governmental department which adminis-

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ters landed property and the Central Institute of Statistics, has made a very interesting survey which for the first time reveals the actual distribution of landed property in Italy, and throws fresh light on the entire problem of Italian society. It was found that in Italy there are about 10,000,000 farming "enterprises." In Italy landed property is mainly acquired through inheritance and therefore the "enterprise" is generally owned by more than one person; it includes brothers, or uncles and nephews, or husband and wife, or mother and sons, and so on; 22,930,909 people out of a population of about 45,000,000 inhabitants (comprising 11,000,000 families) have a share in the ownership of agricultural property. Land ownership is far more widely diffused than is commonly supposed.

The complexity of the agricultural structure is further indicated by the fact that 82.9 percent of the total landed property is in parcels of less than two hectares (a hectare is about 2.5 acres); 10 percent of the holdings are between two and five hectares; 3.5 percent are between five and ten hectares; 3 percent are between 10 and 50 hectares; and .6 percent are larger than 50 hectares. Contrary to the general supposition, the largest estates are well cultivated, and therefore yield a proportionately greater income than the small ones. The survey indicates that 55.2 percent of agricultural income belongs to small landowners, but that the average income from these holdings is less than $500 a year; 29.9 percent of landed property yields an income between $500 and $1,500 a year; and only 14.9 percent yields an annual income of more than $5,000.

Though there is a real problem of the equitable division of land, the statistics show that redistribution is, at most, applicable only to a small part of the total. And they make plain that Communization would prejudice the interests of about 23,000,000 people who share the ownership of the land. The real solution of the agricultural problem lies in achieving a better use of the soil. Farmers must be provided with capital, equipment and fertilizer. They must be better educated, and taught better farming methods. And along with this there must be a program of redemption of useless land. To say that the difficulty is simply that Italy is dominated by big landowners avoids the realities of the situation. The question of agrarian reform is the problem of increasing production. In this sense the future of Italian agrarian economy is bound up with the success of the Marshall Plan.

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III

In 1947 Italian industrial production reached a level of about 78 percent of average prewar production, after three years of extremely low output averaging about 40 percent of the prewar level. The recovery was made possible by financial aid from the United States which enabled Italy to purchase the raw materials indispensable for the operation of her industry. Italy has practically no essential raw materials. She depends upon imports of coal, iron, oil, wool, cotton, copper, minerals for light alloys, and so on. The effort of the Fascist régime to establish a self-sufficient economy on such a base paved the way for the crisis which was brought to a climax by the war. Of all the countries participating in the Marshall Plan, none depends so much on the rest of the world as Italy.

At present, the Italian balance of payments shows a considerable deficit, since a much greater share of currency resources must be used for the purchase of foodstuffs than was the case before the war. Here again we see the imperative necessity of an increase in agricultural production, which will put a stop to the drain on currency. This should be possible; and, given this, what are the prospects for reaching a balance between export of manufactured products and raw material imports — in short, stability in the balance of payments?

We have noted that Italian industry is a typical processing industry, based on manufacturing skill. Production ranges from textiles to shipbuilding, from fabrication of steel to manufacture of airplanes, motor cars, industrial engines, various metal and rubber products, and so on. Some of these industries, as, for instance, textiles and shipbuilding, are sufficiently up-to-date to meet world competition. The systems of production in some others are obsolete and the production costs are high.

Capital goods (as well as currency stability) are needed to modernize and reëquip industry, but they can for the most part be supplied in Italy, if the necessary raw material is obtained. Such a program is one of the objects of the Marshall Plan in Italy and is indispensable to offset unemployment. It is sometimes said, in certain quarters, that Italy is a country moving through the "first stage of capitalism" — in plainer language, that her economy is characterized by the conflict of an "exploiting class" and a class of exploited workers. The fact is that in Italy a high

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percentage of industry is owned by the state. The big banks, including the commercial banks, virtually belong to the state, as does a substantial share of shipyards, shipping companies, airlines, the heavy metal industry, mines, and many more. Private citizens find themselves in direct competition with state production in almost every branch of industry, and competition between state and private industry seems to be a factor for progress.

For about a year, the Italian Government has pursued a policy of a steady stabilization and normalization of currency, based mainly on the limitation of credit — the Einaudi policy, directed by the former Minister of the Budget (the new President of the Republic). It has resulted in some internal deflation. There has been a falling-off in business transactions, a slowing-down of production, and a shift from a sellers' market to a buyers' market in nearly every field. Many enterprises are in difficulties, and industrialists are exerting pressure on the Government to reverse the present deflationist policy. They argue that a moderate inflation, harmful though it is in some respects, would make available lire with which to purchase the Marshall Plan commodities.

But is it possible to contain an inflation within moderate limits? There is no doubt that the Government wants to encourage a general resumption of the productive cycle which will assure a complete utilization of American aid; but there appears to be a difference of opinion between the state financial administrators and industrialists as to the proper method of achieving that objective. The Government wants a resumption of the productive cycle within the limits of monetary stabilization; industry argues that production is more important than stabilization. It is difficult to foresee which counsel will prevail, but at any rate the firm attitude of the Government is likely to prevent serious inflation. The Marshall Plan makes possible, within certain limits, self-financing through banks; once the productive machinery is put in motion through the first ERP aid, the Italian economy should pick up momentum.

Outlets for manufactured products are necessary for the Italian economy, and thus the incentive of the Marshall Plan offers a problem of foreign trade. The policy of international collaboration, sponsored by Count Sforza since the ratification of the Peace Treaty, which has strongly backed the Marshall Plan and also arranged for the numerous commercial agreements with the

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countries of Eastern Europe, is an important part of the Italian response to the problem of European industrial recovery.

Two special tasks face the new Government in addition to the broad problems of agriculture and industry — the old question of southern Italy, and of improving the condition of the depressed Venetian area. Much that has been said about Italian agriculture applies, of course, with particular force to southern Italy; but underlying that is the fact that this region has developed a separatist mentality, originating as a protest against the growth in importance of northern Italy. The south must be brought back into the mainstream of Italian life. The Venetian region has depended in the past upon trade with the Danubian basin and the Balkans, which is now languishing. This district also has a considerable production of fruit and vegetables which will find an outlet only through the revival of international trade. Merchant shipping and tourist traffic are very important to this area also. Success in the great effort to create an economically healthy Europe is the ultimate requirement for Italy's special problems no less than for her welfare as a nation. This is the supreme task of Italian democracy.

The elections have opened a new page in Italian history. Communism has been stopped for the present at least and a deep change has taken place in Italian political life. So far as the omens can be read, the outlook for the future is favorable. Signor de Gasperi has proved himself an able leader. In five years we shall see whether the Christian Democrats have measured up to their opportunity.

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EAST-WEST TRADE AND THE MARSHALL PLAN

By William Diebold, Jr.

IS "Europe" to become only a geographical expression? The great diagonal from Stettin to Trieste splits national policies as well as a continent. Governments are forced to recognize a Western Europe which they treat differently from Eastern Europe. The pull and the push of Moscow and Washington increase the division and sharpen the differences. Since the Marshall Plan has become a program of Western European reconstruction, it inevitably widens the gap in some ways. At the same time, the Plan postulates some crossing of the great diagonal and some of its effects may bridge the gap. The most clear-cut of these features is the resumption of large-scale commerce between the eastern and the western countries of Europe, on which the program is premised.

In 1938 the 12 principal countries of Western Europe that are participating in the Marshall Plan got about 5.5 percent of their imports from the seven Eastern European countries now in the Soviet orbit.[1] Two-fifths of this $523,000,000 worth of goods went to the United Kingdom, amounting to about 5 percent of total British imports. Switzerland took about 10 percent of its total imports from the east, and Italy 12 percent, the largest share for any of the 12 western countries. France took only $43,000,000 worth of goods from the eastern countries, or 3.2 percent of its total imports.[2] The U.S.S.R. and the three Baltic States sent $228,000,000 worth of goods to the western nations in 1938, about 2.4 percent of their total imports.

It would be easy, arguing from these general figures, to dismiss the significance of eastern trade to the western countries. However, most of the imports from the east were concentrated in a few lines of considerable importance to the economies of the west. Wheat, meat, other food products, timber from Finland and Rus-

[1] The 12 western countries are Belgium, Denmark, France, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The eastern countries are Bulgaria, Czechoslovakia, Finland, Hungary, Poland, Rumania and Jugoslavia. Iceland, Austria, Greece and Turkey — the other four Marshall Plan countries — and Albania are omitted from the calculations in this article.

[2] Germany bought $310,000,000 worth of goods from the seven eastern countries in 1938, about 14 percent of her total imports. About 2.5 percent more came from the U.S.S.R. and the Baltic States. Two-fifths of Austria's prewar imports came from the east

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sia, and Polish coal were the major items; others of importance were Rumanian oil, some minerals, especially from Jugoslavia, and Czechoslovak manufactures.

Turned around, the figures tell a different story. The western countries accounted for a much greater proportion of the trade of the eastern nations than vice versa. Almost two-thirds of the imports of the seven eastern countries came from Western Europe; Germany alone accounted for 25 percent, and the 12 principal Marshall Plan countries for another 33 percent. For Czechoslovakia and Poland the figure is lower, about 52 and 57 percent respectively, but it rises to almost 75 percent for Bulgaria, Rumania and Finland. The U.S.S.R. and the Baltic States got 38.2 percent of their imports from the 12 western countries and 13 percent more from Germany. As a market, the Western European countries were somewhat less significant to the east, but still a very important factor. Germany took 22.5 percent of the exports of the seven eastern countries in 1938, and the 12 western countries another 37.5 percent. More than 70 percent of the exports of the U.S.S.R. and the Baltic states went to Marshall Plan countries and Germany.

II

The prewar trade pattern helps us to understand some of Europe's present troubles, but is not a sufficient guide for the future. Since the end of the war, east-west trade in Europe has been at a very low level. Trade and payments agreements between eastern and western countries are numerous, but the volume of goods exchanged is much smaller than before the war. Generally speaking, the foreign trade of the eastern countries has recovered much more slowly than industrial and agricultural production. Polish coal and Finnish timber are moving west in appreciable quantities, but in nothing like the amounts the west would like to have. The supply of foodstuffs and oil from the east has almost completely stopped. The partition of Germany (and to a less extent that of Austria) has prevented resumption of major movements of goods that used to take place, thus enlarging the west's deficit in food, coal, potash and some industrial products.

For the most part, the low level of east-west trade is due to the same causes as the low level of trade among the western countries themselves: devastation, disorganization, shortages, incon-

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vertible currencies, transportation difficulties, large domestic demand. Since the end of UNRRA, the eastern countries have had only a tiny share of the American assistance that has gone to Europe. Danubian agriculture was particularly hard hit during the war and has recovered slowly, partly because of drought in 1945–46, and partly for lack of fertilizer and farm machinery. The chief special factor affecting the trade of Eastern European countries is the Soviet Union's great need for goods of all kinds for reconstruction. Partly as reparations, partly as ordinary commercial exchange, partly as politically directed trade, much larger quantities of Eastern European goods are going to the Soviet Union than before the war. The damage to the coal mines of the Donets Basin, for instance, led the U.S.S.R. to import about 8,000,000 metric tons of Polish coal last year. Oil from Rumania now flows east instead of west. Reconstruction needs also reduce Russia's ability to export, thus contributing to Western European deficiencies, particularly in timber. The inability of the Western European countries to supply the fertilizer, machinery and other capital goods that they badly want has reduced the eastern countries' incentive to ship to the west. The virtual disappearance of Germany as both a supplier of manufactures and a market for eastern products aggravates the situation.

While the increase in trade among the eastern countries is significant, it has often been overemphasized. Perhaps the most striking shift has been in Polish trade. In 1935 the U.S.S.R. supplied only 1.8 percent of Poland's imports compared with 78 percent in 1946. More than half Poland's exports went to the U.S.S.R. that year compared with 1.1 percent in 1935. Other eastern countries and the Soviet Zone of Germany accounted for 8 percent of Poland's imports and 11 percent of her exports during 1946. However, the Soviet share in Poland's trade declined steadily from the high level of 1945 when the Red Army occupied the country and transportation to the west was poor. In the first half of 1947 Russia got only 37 percent of Poland's exports. In the spring of that year the two governments agreed to reduce the amount of coal Poland was to supply to the U.S.S.R. from 13,000,000 to 6,500,000 tons a year for four years.

Czechoslovak trade shows a different pattern. During 1947 the U.S.S.R. supplied 6.2 percent of Czechoslovakia's imports and took 5.1 percent of its exports; the comparable figures for 1938 were 1 and 2.5 percent. Another 13.1 percent of Czechoslo-

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vakia's imports during 1947 came from the other eastern countries, which took 14.2 percent of its exports. Switzerland and Britain were Czechoslovakia's chief trading partners during this period, followed by the United States, Sweden and Holland. Trade with each of these countries was at least 25 percent greater than that with the U.S.S.R. The other eastern countries lagged far behind. Toward the end of 1947 new trade agreements were negotiated between Czechoslovakia and the U.S.S.R., Poland, Jugoslavia and Bulgaria which (together with existing agreements) were estimated to cover about 40 percent of Czechoslovakia's foreign trade for 1948. If these agreements are carried out, about 16 percent of Czechoslovak trade will be with the U.S.S.R. and 24 percent with other eastern countries.

The Czechoslovak trade agreements form part of a series concluded among the eastern countries, the U.S.S.R., and the Soviet Zone of Germany since the launching of the Marshall Plan. More ambitious steps have also been foreshadowed. A customs union is talked of among Jugoslavia, Bulgaria and Rumania. (In 1946 a treaty of economic union made Albania virtually a province of Jugoslavia in economic matters.) Czech-Polish conversations on the integration of the industries of the two countries have been reported — an interesting revival of a project discussed by the governments-in-exile of these two countries during the war but opposed by the U.S.S.R. after their liberation. These and other arrangements comprise the "Molotov Plan" for intensifying economic relations among the eastern countries and coördinating their industrial development. The Soviet agreement in January 1948 to provide Poland with $450,000,000 worth of machinery on credit over the next four years was clearly intended as compensation to the Poles for the American aid they might have received if they had been allowed to go to Paris. But only the label and a speeding-up of the tempo are new. Industrialization and increased trade among themselves were already parts of the economic plans of all the eastern countries before the Marshall Plan was announced.

Some Americans suspect that the true aim of the Molotov Plan is to exploit the eastern countries for the benefit of the U.S.S.R. and that the ultimate aim is an autarchic bloc enhancing the Soviet war economy. Judgment on these points depends on more detailed information than is yet published. Whatever their ultimate intentions, it is clear that the eastern countries do not

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now want to forego trade with the west. Polish and Czechoslovak spokesmen have frequently reiterated their desire to do business with Western Europe and the United States. Soon after the coup in Prague, the new Communist Minister of Foreign Trade issued a statement reaffirming this view. Czechoslovakia has put into effect the tariff reductions negotiated at Geneva and has signed the Draft Charter of the International Trade Organization. (But Poland did not sign.) After emphasizing plans for the closer coordination of the eastern economies, Premier Dimitrov of Bulgaria said, "If possible, we shall want to trade with the United States, Great Britain, France and other western countries on the principle of complete equality." [3]

Behind these statements is the great need of the eastern countries for capital goods and manufactured products from the west. The industrialization programs heighten this need and will probably keep it high for some time to come. The U.S.S.R.'s ability to supply goods of this type is very limited compared with Western Europe and the United States. Without trade with the west it would take the eastern countries much longer to carry out the programs of industrialization, and it would cost them much more in terms of lower living standards. So there is no reason to doubt that the eastern countries desire it.

It is clear, though, that even if this trade prospers it will, as time passes, depart in important ways from the prewar pattern. Even after the time of reparation and reconstruction has passed, more of the eastern countries' trade will be with the U.S.S.R. and among themselves than was the case before the war. Closer political relations, the Molotov plan, and the mixed corporations that give the U.S.S.R. control of important resources in Rumania and Hungary will all contribute to this result. Czechoslovakia and Poland are both ambitious to replace Germany as exporters of manufactured goods to the southeastern countries. So long as Germany remains partitioned, the Soviet Zone forms part of the eastern economy. This increases the area's industrial capacity; there are reports of the expansion of the steel industry in Eastern Germany. Since most of the German potash mines are in the Soviet Zone, the western countries will be more dependent on artificial nitrogen and imported fertilizers. The transfer of

[3] *The New York Times*, January 18, 1948. D. Petrovsky, writing on "Foreign Trade Policy of the People's Democracies," in the Soviet journal, *The New Times*, January 7, 1948, stressed their desire for trade with the west and blamed the Western European countries and the United States for the low level of trade.

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German Silesia to Poland adds considerably to that country's importance as a coal supplier to both eastern and western countries.

The most important factor likely to change permanently the composition of trade between Eastern and Western Europe is the industrialization of the eastern countries. As that takes place, some of the results we may expect are: increased domestic consumption of foodstuffs, coal and oil in the east; perhaps a shift in agricultural output from grains to fruits, vegetables, livestock and dairy products (total food production might increase as the result of the mechanization and modernization of farming even though people were drawn off the land into industry); reduced dependence on imported manufactures; [4] and probably reduced exports of raw materials. The effect of these changes already appears very vividly in the trade agreements Italy has made with Poland, Czechoslovakia, Bulgaria and Jugoslavia. Before the war, these countries were an important market for Italian textiles, other consumers goods, fruits and vegetables. Now such products are far down on the list of goods the eastern countries want from Italy; at the top of the list are machinery, replacement parts, precision instruments, mercury, sulphur, and the equipment for whole factories. The Jugoslav agreement, for instance, calls for Italian shipments of only 100,000,000 lire worth of fruits and textiles, compared with over 1.5 billion lire worth of machinery, parts, ball-bearings, radio equipment, etc. In return, the eastern countries are sending foodstuffs, timber, coal and metals; some special arrangements have been made for them to supply to Italy the raw materials required to make some of the manufactured goods they want.

It is most unlikely, then, that the prewar pattern of trade between Eastern and Western Europe will be restored. It does not follow that the changes will reduce trade or make it less important to the participants. That may or may not prove to be the case. For the time being the only sure conclusion is that there will be significant changes in the character of the trade which will require adjustments on both sides.

[4] But not necessarily reduced imports of manufactures. During the initial period of industrialization the demand for foreign machinery and equipment will rise. Later, though no longer dependent on foreign suppliers of some goods now imported, the eastern countries may increase their imports of manufactured consumers goods and of capital goods. Much depends on the industrialization policies followed by eastern governments, the degree living standards rise, and, of course, the availability of foreign goods.

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III

Though absent from Paris, the countries of Eastern Europe played a rôle in the calculations of the Committee of European Economic Coöperation. In estimating what aid they would need from the United States, the participating countries had to judge what supplies they were likely to get from Eastern Europe. They decided to assume "a substantial and steady resumption" of the flow of the principal goods from the east, reaching prewar levels in some important categories by 1952. The supposed ability of Western Europe to stand on its own feet — more or less — by 1952 is predicated on this assumption (along with many others, of course). If the assumption does not prove valid, the choice will be between additional American aid and a lower level of life and economic activity in Europe.

The crucial commodities are coal, timber and food. The C.E.E.C. assumed that in 1948 Poland will send 16,000,000 tons of coal to the west, doubling the 1947 level. For 1949, 24,000,000 tons are expected, 27,000,000 in 1950 and 30,000,000 in 1951. These figures are based on data supplied by the Polish Government and conform to its national economic plan. Both the Harriman and Herter Committees expressed doubt of the ability of the Poles to attain the production levels set out in the plan. However, State Department experts say the goals are attainable if Poland can secure more mining equipment. Polish coal production in 1947 exceeded 59,000,000 tons which is 97 percent of the prewar production of the same area (*i.e.* including German Silesia), a better rate of recovery than Western Germany or the United Kingdom. This year the planned production of Polish coal is 70,000,000 tons; next year it is to rise to 80,000,000, remaining there through 1951. To attain these levels, Poland plans to import about $90,000,000 worth of mining machinery. The principal sources would presumably be the United States and the Ruhr. The Paris report also tacitly assumes that Polish exports to non-participating countries will be limited and that domestic use will not increase more rapidly than is provided for in the Polish national plan. If the western countries get less coal than they expect from Poland, the United States could almost certainly supply the deficit, but that would increase the dollar needs of the participating countries.

Before the war, Western Europe depended on Eastern Europe,

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particularly Finland and the U.S.S.R., for large supplies of timber. The present need for timber is very great in almost all phases of reconstruction work. Pit props, for instance, are crucial to the German, British and other coal programs. Lacking coal, some timber-producing countries are burning wood they could otherwise export. Special efforts are being made to send more coal to Finland and Sweden in return for more timber. The Paris report assumes that by 1951 timber shipments from the east will rise to 75 percent of the prewar level. Whether this level will be reached depends partly on developments in the U.S.S.R., formerly a major source of supply. That country was a net importer of timber in 1946 even though its domestic cutting was above the prewar level. However, Finnish exports have been increasing and Soviet reparations requirements absorb a smaller share of Finnish timber production than of some other goods. The chances of getting the timber postulated by the Paris report will be increased if the producing countries are able to import tractors, timber-cutting machinery and other capital equipment.

The C.E.E.C. report assumes that by 1951 the prewar flow of cereals from Eastern to Western Europe will be restored. The Harriman Committee doubts very much whether Eastern Europe will supply the 4,000,000 to 5,000,000 tons of grain annually that this implies, and points out that the alternative will be less feeding of grain to animals in Western Europe or additional production of cereals in the participating countries (that is, on the assumption that the United States and other overseas countries cannot add to the grain they are scheduled to ship under the program). So much depends on the weather that the agricultural forecasts of the Paris plan are obviously very hazardous. It seems clear, though, that if they are to approach the hoped-for levels of production, the eastern countries will require more fertilizer and farm machinery than they have been getting lately.

Behind the assumptions and sub-assumptions concerning each particular commodity lie further questions. How sound a basis had the conferees at Paris for judging whether production would reach the necessary levels in the eastern countries? Do the assumed figures really represent the best judgment of the experts or were they expanded to help cut down the original estimate of the 16 nations' deficit to an amount judged reasonable by American officials? In calculating the availability of machinery and capital goods in the participating countries, has adequate al-

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lowance been made for the goods that have to be sent to the east to secure coal, timber and food? Two categories of goods are involved: those needed to produce adequate quantities of these products, and other kinds of goods that the eastern countries want in payment for shipping their basic raw materials westward. Capital goods of the sort that the western countries need themselves make up a large part of both categories. The question will be whether certain machinery, for instance, is worth more operating in Western Europe or as a means of paying for supplies from the east. Can these calculations be made several years in advance? How much of the eastern demand for capital goods do the Western European countries mean to supply themselves, and how much is to come from the United States? What trading relations between Eastern and Western Europe are contemplated for the years after the Marshall Plan?

The published materials do not permit very precise answers to these questions. But, after what has already been said, it is enough to point to three conclusions about east-west trade as it relates to the Marshall Plan: first, eastern supplies are very important to the Western European countries; second, whether these supplies are likely to be forthcoming is an extremely complex question; and third, the assumptions on which present calculations rest are precarious, so there is a considerable risk that the recovery program of the western countries will fall seriously short of its goal unless American aid is increased to compensate for any failure of supplies from the east.

IV

An easy syllogism begins to take shape. The Russians will use all possible means to frustrate the Marshall Plan. The Marshall Plan depends on supplies from Eastern Europe. Therefore, the Russians will cut off or manipulate exports from their satellites to the countries participating in the Marshall Plan. Perhaps they will, but the issue is not quite so simple. As we have seen, the eastern countries have a real stake in this trade, in some ways an even greater one than the western countries. So far, the evidence is that the Russians favor continuance of the trade. If they adopt a different attitude in the future, it will be at some cost to themselves in the loss of western goods to their orbit. They will also incur the political onus of blocking trade which the people at both ends of the transaction want to continue.

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The Western European Governments are also anxious to continue trade with the east. They know how much the goods they get from that region contribute to recovery. They do not feel at the mercy of the eastern countries in commercial negotiations, and with American aid behind them they will feel even stronger. Their difficulties to date in getting adequate eastern supplies have been economic, not political. Trade with the east also has political value to the western governments. It symbolizes independence and a position between the two Great Powers, not wholly dependent on either. The list of Italian trade agreements with eastern countries, said Count Sforza, "makes ridiculous the daily accusations that our every gesture is governed by our western ties." [5] Absence of trade with the east would heighten the illusion of what might be gained from that trade. It is easy to dream of waving wheat fields along the Danube and endless forests in the north when they are beyond the horizon. In the past a few Europeans have spoken as if the east could supply something like an adequate alternative to American aid. The falsity of this view is plain, and the best way of demonstrating it is to let the eastern trade take place. Finally, the western governments know that if their economies are to be self-supporting by 1952, they will need all the export markets they can get.[6] They see thriving trade between Eastern and Western Europe as a desirable and natural feature of the future world.

In the United States, growing tension with the U.S.S.R. has led many to favor restriction of trade with Eastern Europe. Naturally, the doubts and fears behind this view have been applied to east-west trade in Europe as well. In its commonest form the argument is that since a major purpose of the Marshall Plan is to check the spread of Soviet domination, it is ridiculous "to arm the enemy" at the same time by shipping goods to the east. There is no question that the shipment of war materials to this region would be foolish in the present state of the world. The United States and the countries participating in the Marshall Plan have controls to prevent that. But more complicated questions are involved in the shipment of machinery and other capital goods that have peaceable as well as warlike uses. Industrial development of the eastern countries will undoubtedly

[5] Address to the Congress of the Republican Party, Naples, January 17, 1948. *Relazioni Internazionali*, January 24, 1948, p. 57–8.

[6] In 1938, the 12 principal Western European countries sent 7 percent of their exports to the east, including the U.S.S.R. The figure was much higher for Greece, Germany and Austria.

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increase their war potential. This development would take place without trade with the west, but much more slowly. Apart from the military aspect, the sound industrialization of Eastern Europe, accompanied by rising living standards, would benefit the United States.

If our world were all a battle map and we assumed that war with Russia were in the immediate offing, then much of the Marshall Plan would be misdirected. Programs that reach their fruition in 1952 are little help in fighting wars in 1948 or 1949. Actually, we seek a variety of ends, and seek to balance a complex of present interests in preparation for several possible futures. Recognizing the risk of war and our continuing rivalry with Russia, we may still run a reasonable risk of strengthening somewhat the war potential of a possible enemy if that improves the chances of reaching one of our important goals: an independent and self-sustaining Western Europe.

After considerable debate, Congress directed the Administrator for Economic Coöperation "to refuse delivery in so far as practicable" to Marshall Plan countries of materials "which go into the production of any commodity for delivery" to Eastern Europe if the United States would refuse to license exports of such commodities to that area in the "interest of national security." In effect, this provision throws part of the United States export control system around the Marshall Plan countries. Apart from administrative difficulties, this may involve some rather delicate negotiations with the recipient countries. How difficult the Administrator's task will be in this matter depends largely on the kind of export licensing policy the United States follows. If we confine our security embargo on exports to Eastern Europe to items with primarily military significance, the Administrator will be on strong ground. If that list is greatly extended to include all kinds of industrial equipment, he will be in trouble, because that would seriously impair east-west trade in Europe.

No other provision of the Economic Coöperation Act deals specifically with trade between Eastern and Western Europe. However, many Senators and Representatives, including some who opposed amendments to the Act that would have restricted such trade, made it clear that they expect the Administrator to pay close attention to the subject. Tacitly or explicitly, the Administrator will have to take a position on the trade that develops between Eastern and Western Europe and justify his

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view to Congress, especially when the next annual appropriation for European aid comes up for consideration. This does not mean that the United States ought to try to dictate what these trade relations should be, or substitute its judgment for that of the Western European governments involved. The Marshall Plan recognizes some mutual interests among the recipient countries and the United States; what kind of east-west trade will best achieve those interests ought to be determined by consultation and negotiation.

In addition to questions about the war potential of the eastern countries, the Administrator must expect to answer questions about the benefits eastern countries get from east-west trade, the allocation of scarce American materials, the risk of making Western Europe dependent on the U.S.S.R., and a variety of other matters. There are no firm rules to be laid down in advance. Even the shipment from Western to Eastern Europe of goods similar to those being supplied by the United States may be justified in some circumstances. That depends on whether the goods secured in return could not be obtained equally well from the United States or another participating country and are needed as much or more than are the exported products. "Shortages" and "scarcities" are often not absolute; they have to be judged in terms of the alternative benefits to be had from using the goods or trading them for something else that is also "scarce." Within a framework of rather clear general principles, the Administrator, in consultation with the 16 nations, will have to make the substance of policy as he goes along. One of the clearest of those principles is that the United States should be most cautious in interfering with the desire of the western governments to carry on such trade. They are not trying to put something over on the United States. The trade is of direct immediate benefit to them, and important in establishing the basis of their future economic self-support. The western countries have bargaining power; as recovery proceeds, it should increase, since the survival value that every ton of coal or bushel of wheat now seems to have will be less, and the western countries will have more manufactured goods with which to attract the eastern supplies. At any given moment, of course, the western countries will be vulnerable to Soviet threats of cutting off eastern goods for some political purpose. Assessment of the Russian area of manœuvre in this regard and the means of defending the west against such

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pressure are among the continuing problems of administering the Marshall Plan.

This is not an argument for a hands-off policy on east-west trade. The aim should be to guide the trade so that it makes the maximum contribution to European recovery. Since the Western European countries will usually be competent to deal with the matter, there is every reason for keeping American interference to the minimum, though it may be justified in some cases. Indeed, the United States ought to see if it commands any means of fostering that trade in such a way as to improve its value to the Western European countries, and therefore to ourselves. Direct financial aid from the United States, even for worthy projects, must presumably be ruled out for political reasons.[7] The International Bank for Reconstruction and Development to which Poland, Czechoslovakia and Finland have applied for loans is not supposed to allow the political complexion of a government to affect its decisions. However, the indications are that the Bank — in which the United States has an important voice — would consider loans to countries behind the Iron Curtain as commercially unsound because of the political state of the world. But it has been suggested that Western European countries might be allowed to borrow to buy from the east. "Off-shore purchases" with Marshall Plan dollars are to be used to supply some of Europe's needs from Canada and Latin America. The same logic would apply to purchases from Eastern Europe, but whether the reasoning would survive political attack seems doubtful.

Export of capital goods is the most effective means the United States has to promote desirable conditions for east-west trade in Europe. The Administrator has been given an important place in the export-control system to ensure that the aims of the Marshall Plan are not frustrated. He may challenge the licensing of exports to Eastern Europe by other agencies and carry the dispute to the President if necessary. When supplies of a commodity are so scarce that the needs of the Marshall Plan countries cannot be met, no export licenses for Eastern Europe may be issued unless he finds it to be in the national interest. Apart from his legal powers, his voice will obviously be a weighty one in deciding

[7] In 1946 Poland received a $40,000,000 loan from the Export-Import Bank, primarily to buy locomotives and freight cars so as to be able to export more coal and other products to Western Europe. Completion of these transactions will help the Marshall Plan.

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policy on these matters. As has already been pointed out, the prospects of the eastern countries sending as much coal, timber and food to the west as is called for by the Paris estimates depends on their getting the means of production. The United States is one of the principal sources of supply. If shipment of these goods is blocked, or other areas are always given priority in the issuance of export licenses, Western European recovery will be hindered. Provision of such equipment would usually by itself lead to expanded east-west trade; however, if it were thought necessary, perhaps means could be found to guarantee shipment to Western Europe of a reasonable share of the increased production made possible by the provision of American goods. Similarly the sale of other kinds of capital goods and manufactured products to the eastern countries might be made conditional on their provision of specified quantities of certain products to Western Europe. A kind of triangular trade might be devised in which, if necessary, eastern countries paid for American goods by deliveries to Western Europe, thus easing the burden of Marshall Plan aid on the United States. Whether such schemes are feasible and whether they are necessary can hardly be judged in advance. But they serve to emphasize that the problem of east-west trade in Europe is neither a very remote one nor one which should be approached as if the choice were between restriction and doing nothing.

Obviously the eastern countries would benefit from such policies by the United States, just as they benefit from trading with Western Europe. Otherwise there would be no trade. The loss would fall not just on the east, but also on the west — and on the United States. Military considerations, scarcities and the nice balancing of advantages will sometimes justify restrictions on trade with the east. Possibly as a result of such steps, possibly because of a change in Soviet policy, possibly because the Paris estimates were too optimistic, eastern shipments to Western Europe may fall below the levels assumed at Paris. Then the Marshall Plan would not succeed without additional American aid or larger production than is expected in Western Europe. Plans should be made for that contingency. The prejudice against shipping to the east that has understandably resulted from political tension is not a very reliable guide to policy. The Administrator for Economic Coöperation faces an interesting problem in the use of foreign trade as an instrument of national policy.

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THE PRINCIPLES OF THE RED CROSS

By Max Huber

THE Red Cross, both as an idea and an institution, is passing through a period of stress and difficulty after the Second World War, as it did after the First. This is natural, for no matter how much material and spiritual aid was given under the Red Cross emblem, it was, of course, insufficient when measured by the wartime distress and suffering.

The International Committee of the Red Cross acted as an impartial intermediary between the belligerent states, and was in the thick of the fight in behalf of the victims. It won gratitude and respect for its work, but it has also been criticized. The criticism takes the shape of a demand that the Red Cross devote itself to the struggle for peace rather than to the relief of war victims; indeed, the question is raised whether considerations of humanity can, in point of fact, be upheld at all, in the conditions of modern war. And there is also a demand for a more effective form of international organization.

If the present problems are to be understood, some brief historical references must be made. In 1859, Henry Dunant, a citizen of Geneva, happened to be on the battlefield of Solferino, after the murderous fighting between the French and the Austrians. Appalled by the suffering of the 40,000 wounded who were left to die, he organized the neighboring villagers to aid them, and in 1862 published a story of the event called "Un Souvenir de Solférino," which made history in much the same way as Harriet Beecher Stowe's "Uncle Tom's Cabin." In his home town, Dunant gathered together four other men, two of them doctors, the third a lawyer, and, as chairman of the committee, one of the most venerated men in Swiss history, General Guillaume Dufour, the victorious and humane leader of the federal troops in the Civil War of 1847. This Committee of Five was the forerunner of the present International Committee of the Red Cross.

In 1863, these five men succeeded in calling a conference of 16 nations at Geneva which had two aims: 1, the establishment of committees of "Voluntary Aid Societies" in all countries, to organize in peacetime, with the assistance of all classes and creeds, help for the sick and wounded in war; 2, the conclusion of a treaty for the protection of all military sick and wounded and of the medical personnel. Both aims were promptly and fully realized with the signing on August 22, 1864, of the so-called Geneva "Convention for the Relief of the Sick and Wounded of Armies in the Field." The Convention, to which the United States adhered in 1882, was revised in 1906, and again in 1929; it has become one of the few universal instruments of international law. It stimulated the development of international law in regard to the so-called humanizing of war, particularly by the Hague Conventions of 1899 and 1907, and the Geneva Convention on the Treatment of Prisoners of War (1929).

The American Red Cross was founded in 1881, and today there are Red Cross Societies of this kind in 66 countries. In 1919, on the initiative of the American Red Cross, they formed a League of Red Cross Societies, which devotes itself essentially to peacetime problems. In 1928, the national and

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international Red Cross organizations were loosely merged under a covering body called the International Red Cross, which holds periodical conferences. States signatories to the Geneva Convention are represented at these conferences. The next is to meet in Stockholm, in August 1948; it will be the task of this Conference to turn to the profit of the Red Cross as a whole the painful experiences of the last ten years.

II

The associations known as Red Cross Societies were established, under the terms of the Geneva Convention, to provide voluntary service in coöperation with the various army and navy medical services. During time of war they are granted certain special immunities by international law, namely, by the Geneva Convention, and have the right, as do the medical services, to display the Red Cross emblem for their protection. In order to carry out their duties efficiently, they must prepare themselves in time of peace. This is an obligation, since they hold their particular international status, their name and their emblem only by virtue of their service in wartime.

Nothing, however, prevents the national Red Cross Societies from undertaking humanitarian work far beyond their primary and traditional function, thus becoming a popular organization and gaining the support of the community as a whole. This tendency finds justification, too, in the fact that the medical services in modern armies have been immensely improved so that voluntary medical and hospital aid is comparatively less important. The size of the national societies and the extent of their undertakings vary in different countries, but with a world membership of some 64,000,000 adults and 41,000,000 juniors, with all the hospitals, ambulances, welfare schemes and institutions, the work of the Red Cross has reached vast proportions.

The particular conception of the relations between the state and society which obtains in some countries puts special stress on the duties of the Red Cross to the community, and on its task as an agency for peace. Though the national Red Cross Societies were formed on the basis of independence from the state, they have never been uninfluenced by the social structure and the political, philosophical and religious ideas of the different countries. And the severe ideological tensions that have arisen since the First World War have drawn the Red Cross into those conflicts. It has preserved its unity because it refused to sacrifice the universal character of its work to a merely external uniformity of its national organizations. But, at the same time, the national Red Cross Societies and the organizations which constitute the International Red Cross have time and again emphasized certain principles on which there can be no compromise.

What are these guiding principles? In the first place, it should be noted that the Geneva Convention does not confine itself to claiming special immunity for medical and hospital personnel in the field. It also embodies a lofty ethical principle, namely, that no discrimination shall be made between friend and foe in the treatment of the sick and the wounded, and that no regard shall be paid to religious, political or any similar criteria: the defenseless enemy, even when taken prisoner, counts simply as a human being. This humane principle is the cornerstone on which rests the impartiality of all specific

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Red Cross activities. Help is afforded to all, regardless of the national, racial, denominational or political affinities of the helper; it is given because the sufferer is one of mankind, and it is given according to his need. Obviously, each national Red Cross Society serves its own country first, but whenever recourse is had to its assistance, it grants aid to all, without distinction. That principle likewise applies to Red Cross work in peacetime.

In wartime, the Red Cross has a second essential task. In assuring contact between national Red Cross Societies and governments, it acts as trustee between belligerents. As a trustee, it pleads the cause of humanity and advocates help for prisoners of war of every class, and for the civilian population of any occupied country. Clearly, this task becomes much easier when treaties such as the Geneva Convention of 1929 offer guarantees. But the attempt to extend such help must constantly be made when there are no treaties to fall back on, or when one or the other of the belligerents proves reluctant or even totally uncoöperative. If national Red Cross Societies decide to shift their activities increasingly to social work in the domestic field, and if some of them even abandon all relief for victims of war, the Red Cross as a whole must never relinquish its duty. That duty is to help *all* parties — to promote humanitarian assistance on both sides of the fighting front, or to enable a neutral to extend it to a country at war, by all means that may be appropriate and acceptable to the belligerents.

True, the relations between belligerents are in the care of the protecting Powers. But the rôle of the Red Cross (and especially of the International Committee) as connecting link between both parties is not thereby made superfluous. The Red Cross does not seek to intervene as the mandatory of any particular state; it intervenes on its own initiative, for reasons that are free from political consideration of any kind. It also intervenes if there are no protecting Powers — as in civil war, when international law as such has no validity because the two belligerents do not recognize each other as states politic. The actual suffering and destruction of civil war are, however, no different from that of a war between states. It creates a similar need for impartial help to the wounded, the prisoners, etc., and hence calls for the application of the humanitarian provisions of the Law of Nations.

The International Committee of the Red Cross has always considered that this duty to serve as a neutral intermediary between belligerents is a primary one. Although the headquarters of the Committee are in Geneva, its work is exclusively international and supra-national. It has never claimed a monopoly of this rôle. Several organizations carry on invaluable large-scale undertakings for the intellectual and spiritual care of prisoners of war, and neutral Red Cross Societies have furnished valuable aid to their sister societies in belligerent countries, and have served as intermediary between them. These neutral societies, even under the Geneva Convention, are at liberty to choose the belligerents whom they wish to help. But the International Committee must always offer its services to all belligerents on an equal footing, and must ask all of them for permission to carry out its humanitarian work. Its willingness to serve must not be made conditional upon any political or ideological affinities, nor upon any geographical considerations. Questions of prestige count just as little; the Committee may never withhold the offer of its services

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for fear it will be refused. Universal, impartial and unpolitical readiness to aid is its very raison d'être.

III

The Red Cross has a vital interest in the development of international law, applicable in times of war. For it is this law which applies to the difficult situation under which the Red Cross has to perform its most essential work. Ever since 1864, the International Committee of the Red Cross has felt that it had the duty, in conjunction with national Red Cross Societies and, whenever possible, with governmental experts, to put forward proposals for the improvement of existing international conventions and the conclusion of new agreements on matters not sufficiently covered or not covered at all; and it submits carefully considered drafts of such agreements. Thus the Committee took a most active part in the preliminary studies for the Conventions signed at Geneva in 1929. The International Red Cross Conference of 1938, which met in London, approved new drafts prepared by the Committee for the consideration of the governments of the various countries.

Draft texts have now been prepared by the Committee, in conjunction with Red Cross Societies and government experts, for consideration at the forthcoming Stockholm Conference. They take into account the experience of the last war, and will no doubt prove of considerable value to governments, who alone are competent to conclude treaties binding in law in this particular field. The most important innovation is the proposed instrument relating to the situation of the civilian population and of individual citizens of belligerent countries, whom events have placed in the power of a state at war with their country. The civilian population also requires protection against the methods of modern warfare, especially air bombing and long-range weapons. It will not be easy to enforce the claims of humanity in this respect against objections derived from military and political considerations, yet a new kind of warfare and a hitherto unknown menace to mankind call for new and precisely formulated international safeguards. The Red Cross will never tire of asserting this; indeed, it has not ceased to make the demand since the First World War.

IV

It may appear an anomaly that up to now the International Committee of the Red Cross — in the legal sense, an association of Swiss citizens formed by coöptation — should have mainly, if not exclusively, formed the impartial connecting link for Red Cross work in its widest sense. In addition to the historical reasons, certain permanent political and psychological factors account for this. Such liaison work can be performed only from neutral territory, and by citizens of a neutral country. Experience has shown that in a war of many states, a body truly international in its composition is bound to be ineffective in this rôle. Even an agency that stemmed from a group of nations organized to preserve peace would scarcely be suitable for such a wartime task, for, if the organization failed to ensure peace, the Powers which had risen against it would inevitably charge it with partiality and would reject its humanitarian leadership along with its political authority.

Such intermediary duties can be carried out only by an agency which

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stands outside the conflict in all circumstances, and is as far removed as possible from major political considerations. Hence, a mere association, operating from a small country, is more likely to be effective — precisely because of its total inability to use force — than is an agency supported by the Powers. It is conceivable that an agency formed by all the neutrals in wartime might assume the task of intermediary which devolves on the Red Cross. But it would be subjected to every criticism that any of the belligerents might raise against any of the neutral members, and, in the course of a war, its membership might be changed repeatedly.

The decision to confide this intermediary task to a private body formed in one small, neutral state such as Switzerland has stood the test of two world wars in a manner by no means unsatisfactory. Switzerland will never voluntarily relinquish her political doctrine of neutrality, based on the tradition of centuries. Her neutrality may of course be violated; no organization, however conceived, can be certain of being untouched by the incalculable contingencies of war. What matters is that there should be a deliberate effort to set apart, somewhere in the world, a territory which is known as neutral, from which the work of the Red Cross can be initiated.

The wartime activities of the Red Cross as neutral intermediary depend largely on improvisation, and the ability to make quick decisions is hardly less important than the neutral base. The more complex the composition of such an agency, the greater the difficulty in assembling the persons able to assume vast responsibilities and to take immediate action. Since the International Committee of the Red Cross is formed by coöptation, it is accountable only to world opinion. Its members can usually assemble in the course of a single day and need seek no mandates for their decisions. An agency which attempts the difficult task of keeping constantly in touch with the belligerents of a life-and-death struggle must be independent, must be quick to take opportunities of establishing connections in every quarter and must supply abundant proof of fairness in its dealings with both sides. The consent of both belligerents is a prerequisite for its activity, and their goodwill is more important, perhaps, even than the organizing ability of the staff and the financial resources at its disposal. Experience in two world wars has shown that when the Red Cross failed to obtain some objective, the protecting Powers and other relief associations were impotent also. And, on the other hand, the Red Cross succeeded in making at least a little progress in directions in which every other organization failed entirely.

Underlying every aspect of the work of the Red Cross is the necessity of making clear the principles of the organization, and of maintaining their integrity and their universality. In international relations, perhaps even more than in domestic affairs, it is dangerous to assume that objectives can be reached by concentrating on methods and by passing legislation, if the moral premises are uncertain. Whatever incalculable events the future may have in store, there must be men and women ready to seek ways of helping the victims from motives of unconditional humanity. They themselves must be willing to follow this path regardless of disappointments, conscious only of the imperishable values on which all humanitarian action is founded.

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THE EUROPEAN COAL ORGANIZATION

By Nathaniel Samuels

THE European Coal Organization ceased to exist on January 1, 1948, when its functions were transferred to the Coal Committee of the Economic Commission for Europe in Geneva, an agency of the Economic and Social Council of the United Nations. But the record of the ECO forms an important part of the history of postwar Europe, and is also an instructive example of the possibilities and present problems of international economic collaboration.

The origin of the Economic Coal Organization was the Solid Fuels Section established at SHAEF during the war, under Colonel Robert P. Koenig, to get the coal mines wrested from the Germans into operation as quickly as possible. Sub-sections of the Solid Fuels Section were organized in the liberated countries, and a skeleton organization was set up for Germany, since the production and distribution of Ruhr coal was the major task. Experts of the SHAEF agency entered the badly damaged Aachen mines in the midst of battle in October 1944. The Ruhr mines were seized from the Germans in April 1945. Production of coal in the enemy countries was put in the hands of the Occupation authorities in the various zones; the task of allocating the output was entrusted to a combined Allied Fuel Committee which was located first in Frankfort and then in Berlin.

In August 1944, Samuel D. Berger and Arthur Notman of the United States Embassy in London had drafted a memorandum outlining the need for an organization to allocate coal for Europe, and representatives of the United States, the United Kingdom and the Soviet Union had discussed the matter in the fall of 1944. Early in 1945 France was included in these talks. The ECO was organized in London in May 1945 by Belgium, Denmark, France, Greece, Luxembourg, the Netherlands, Norway, the United Kingdom, the United States and Turkey. The Eastern European Governments did not join when the Soviet representative advised that he was without instructions. Poland, however, joined in March 1946 and Czechoslovakia in July of the same year.

The primary purpose of the organization was to recommend to its member governments the equitable allocation of coal. This necessitated periodic statements to ECO by the member governments of their needs for coal and the supplies available for export. The participating governments retained their sovereign rights to accept or reject recommendations; ECO was an advisory agency, with no executive powers and no authority over production. ECO undertook also to recommend allocations of coal tar pitch used in the manufacture of patent fuels, and informally aided member governments to obtain equipment for the mines. It coördinated the demands for transport of coal and mining machinery with the European Central Inland Transport Organization (ECITO) and assembled information about problems of production and labor supply.

Before 1940, Britain had exported no less than 40,000,000 tons of coal annually, but her postwar output was not sufficient to meet even her internal needs. When hostilities ended, Ruhr output was about 5 percent of the prewar

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rate. Most of the military experts on the spot were not optimistic about the chances of quick improvement in the chaotic conditions in the Ruhr mines. Allied policy precluded much use of experienced German personnel, and the coal operators turned soldiers had too intimate an acquaintance with the nature of military direction of economic enterprise to be sanguine about its results. Except for Great Britain and Poland, no member of the ECO had had an appreciable export surplus before the war. In the first postwar years France succeeded in bettering her prewar output, but she had never met more than approximately 75 percent of her internal needs from her own mines, and had imported the balance from Britain and Germany. Moreover, the task of reconstruction increased her coal requirements. Belgium and the Netherlands were nearly self-sufficient prior to 1939, but were unable to meet their own minimum needs in 1945 and have since been dependent on imports, particularly for special purpose coal. The remaining ECO members — Denmark, Norway, Greece and Luxembourg — must import practically the whole of their solid fuel supplies. Italy likewise must be supplied with coal.

In 1946 the United States exported 16,400,000 tons of coal to the ECO countries, Sweden, Switzerland and (in small amounts) Jugoslavia; this was about 46 percent of their total imports of 34,800,000 tons. In 1947, the United States supplied 36,700,000 tons out of a total of 55,000,000, or more than 65 percent of the imports of these countries. Including the 5,000,000 to 6,000,000 tons supplied to ECO countries in 1945, the United States shipped about 58,000,000 tons in two and one-half years. Despite this huge effort, the European needs were far from satisfied, and in addition most American export coal was of poor quality. Even if we had been able to provide the full quantity required, American rail transport and port facilities during the second half of 1945 and during 1946 would have been incapable of handling it. Moreover, such dollars as were at the disposal of European countries had to be apportioned for food, fertilizers and other essential commodities. The cost of ocean freight rates was enormously high until the summer of 1947. The carrying charge on coal which sold for about $6 or $7 a ton in the United States was about $12 a ton to northwest Europe and more than $13 to Italy.

Germany exported about 35,000,000 tons annually before the war. Unfortunately, it was argued that since her industrial plant was wrecked her internal needs would diminish greatly and more Ruhr coal than before would be available for the rest of Europe. The SHAEF Solid Fuels Section had tried hard but unsuccessfully to make clear to the Army the fallacy in this reasoning. The consequent difficulties are familiar and need not be reviewed here. We may, however, note briefly the variance in the views of the occupying Powers with respect to the use of German coal, and thus of the availability to ECO of German exports. The United States was concerned with general European economic and political well-being and wanted to be released from the necessity of supplying Europe with huge quantities of coal (which was strongly demanded at home) and from the burden of granting the large dollar credits for the purchase of the coal. The British were afraid that their Zone, which included the Ruhr, would drain their resources, but seemed to find it hard to strike a clear policy as to whether German coal should be exported to gain immediate foreign exchange or used to restore German industrial life. France was concerned to

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exploit the Saar fully and integrate it into the French economy, and to combine a minimum of industrial restoration in the Ruhr with maximum exports of coal. The Soviet Union had access to the potentially large Polish production and to the extensive brown coal deposits in their own Zone, and was little concerned with the question of making Ruhr coal available to the ECO countries. This was reflected in her failure to join the organization. The U.S.S.R. at first looked with disfavor on the rehabilitation of the Ruhr, particularly since this might affect the shipment of industrial plants to Russia as reparations, but after this reparations policy proved illusory, and the Soviet Union substituted a policy of reparations out of current output, the Russian view of industrial rehabilitation changed. The Soviet representatives in Berlin were uninterested in the obligations which the other three occupying Powers had undertaken to get coal to the European members of ECO.

American policy put general European recovery ahead of assistance to any particular country. This was the principle of the ECO. The agency had no voice in setting the monthly or quarterly totals of German coal exports, but its recommendations on the division of the total among the different countries were accepted without question. The Control Council endeavored also to ship to ECO countries the kinds of coal it specified. This was done through the British operating agency, the North German Coal Control. Furthermore, ECO arranged to send to Germany liaison officers from the recipient countries to assist in facilitating shipments. Perhaps it should be noted, however, that occupation authorities tend to be averse to the presence of liaison officers or observers even from their own governments.

II

The relationship of ECO to the U.S.S.R. and the countries of Eastern Europe is worth noting in some detail. Since V-E Day the Soviet Union has consistently maintained that German resources should be allotted chiefly to the victors who suffered the severest devastation. To the western Allies, destruction was one very important factor in allocating coal, but they insisted that the distribution had to bear a relation to the prewar coal consumption of the various countries. No western country was prepared to postpone its own recovery until the U.S.S.R. had first restored a major portion of her own economy. In short, the western nations sought to restore the status quo while the Communist-minded countries sought to advance their industrial capacity relative to the west.

The immediate fact that determined Soviet abstention from the ECO was, apparently, the knowledge that she could conclude bilateral agreements with Poland which would give her far more coal than could be allotted to her from an inter-Allied pool. It must have seemed to Russia unnecessary to queue up with all other claimants for available resources on any formula of comparative needs, when all she had to do was to demand coal from Poland. As we have noted, when the Soviet Union failed to participate in ECO, Czechoslovakia and Jugoslavia abstained also. Poland, who was invited as soon as her political status was clarified, likewise rejected membership. This was a serious blow to the other members, since with the Upper Silesian fields (an acquisition which is provisional under the Potsdam Agreement) Poland's

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potential production is probably as much as 100,000,000 tons per year. Even within one or two years she seemed likely to have much more production than she could use. (It is now running at a rate in excess of 50,000,000 tons a year, while Poland's annual requirements do not exceed 35,000,000 tons.) In late 1945 and throughout 1946, most of Poland's exports of coal went to Russia, though she did export approximately 4,300,000 tons to ECO countries during 1946. Possible additional shipments to ECO countries were limited by inadequate westward rail transport. Poland also entered into a coal export agreement with Sweden, but transport limitations also reduced these deliveries.

Despite the fact that almost all Poland's immediate exports were mortgaged to Russia, ECO tried hard to persuade her to join. Finally, in March 1946, she joined, but the Polish Government made plain that ECO could expect only a limited amount of coal, and that Poland reserved the right to make bilateral coal pacts. This was contrary to the basic ECO principle that *coal should be allocated according to comparative need and should not be* employed for economic bargaining, but the shortage of coal was so great that the condition was accepted. Poland also requested that a Vice-Chairmanship should be created and be filled by a Polish national. This was gladly granted. Shortly after, Czechoslovakia, who had been represented by an observer, became a member; but since she had only small amounts of certain qualities for export her rôle was not important.

The sincere desire of the Western European governments, and particularly of the United States, to extend the machinery for equitable distribution of coal to all Europe was evidenced by the effort which was made to include Jugoslavia in ECO. Jugoslavia was a claimant for coal and not a supplier, but she never stated to ECO her reasons for refusing to become a member; indeed, there appeared to be no rational basis for the refusal. UNRRA sought coal for Jugoslavia as well as for Greece (who was a member of ECO and could, of course, apply in her own right) and ECO wanted to assist UNRRA in its work. Representatives of ECO pointed out, however, that there could be no recommendation for coal for Jugoslavia unless she was willing to submit monthly data on her own production, imports, exports, and so on, as every member did. ECO was not concerned with the use to which coal was put and asked for no information about it. Since UNRRA lacked information on the production of the Arsa mines in Venezia Giulia, the Jugoslav Government agreed after a long delay to permit ECO and UNRRA to send a competent engineer to these mines to report on their output.

A British engineer then visited them, but no little commotion was aroused because, after describing conditions in the mines, he went on to state his opinion of Jugoslav needs for coke, anthracite and bituminous coal. He confirmed the dire need for coke and anthracite, but doubted the advisability of sending the large tonnage of bituminous coal which had been asked, on the ground that it could not reach Jugoslavia in the winter of 1945–46 and that in the spring Jugoslav coal would begin to be available. The fact was that whatever tonnage was sent to Jugoslavia would have to be taken from the allotments granted to the members of ECO, for the American State Department had made plain that the United States could not possibly increase her shipments of coal at that time. Jugoslavia's refusal to accept the responsibilities

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of membership in ECO and to coöperate in the joint effort very naturally made the members of ECO reluctant to deprive themselves of badly needed coal for her sake. UNRRA officials, however, insisted that coal must be sent to Jugoslavia, and the United States representative on ECO obtained the consent of all the governments to the shipment of one cargo of coke (8,500 tons) and 1,500 tons of anthracite, though the representatives of the other countries on ECO voted against it. It was done as a token of goodwill toward Jugoslavia, and as an inducement for her to join the organization. The United States was anxious to promote collaboration, however tenuous, with Eastern Europe.

Jugoslavia, however, failed again to respond to the invitation to accept membership in ECO, and assumed that the token shipment was a precedent for future allocations. The other members of ECO protested strongly, but nevertheless, when UNRRA asked for coal for Jugoslavia the following month, the United States again insisted that it be sent. By this time the United States had arrived at the definite conclusion that UNRRA, as a United Nations agency, was entitled to request coal for any country for which it was responsible. The country for which it spoke did not have to be a member of ECO, but would have to supply ECO with the customary data. This policy toward UNRRA should probably have been stated earlier, but it was not until the Jugoslav case arose that the issue required clarification.

Meanwhile, UNRRA, acutely conscious of its responsibilities, had placed its grievances against ECO forcibly in Washington. Simultaneously, a meeting of the United States, British and UNRRA officials was called at the British Foreign Office to reconcile the differences of opinion and, above all, to assist Jugoslavia through the winter by exploring the possibilities of immediate shipments from other sources, particularly Poland. The result was that the ECO members finally agreed to the principle that UNRRA-sponsored requirements for coal to cover relief and rehabilitation should be heard, regardless of membership, and merited recommendations granted.

III

ECO also had to work out a policy toward countries which had been neutral in the war, and toward Italy and Austria. The emergency economic organizations initially confined their thinking and their efforts to inter-Allied coöperation for mutual benefit, paying little or no attention to the needs and the resources of neutrals, and of the ex-enemies who would be treated differently from Germany. It was assumed that an agency such as ECO should consist of members of the United Nations only, and that only the victors in the war were entitled to German coal; it appeared unthinkable in the moment of victory that a sadly inadequate coal supply should be shared among countries which had not fought in the war, let alone among peoples who had fought with Germany.

Sweden, Switzerland and Portugal, however, informally submitted their coal problems to ECO and to the United States representatives. The case of Sweden demonstrated how impractical it was for the victors to assume that they could advance their own reconstruction merely by dividing the resources of the vanquished among themselves. Sweden's timber is essential to Europe, particularly for housing construction and inland transport. Coal production in Britain,

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Belgium, France and the Netherlands was directly dependent upon it for pit props. Sweden has no coal of her own, and imported about 9,000,000 tons of coal and coke annually before the war. During the war she had to get along on about 4,500,000 tons annually, and when the war was ended, she found herself unable to obtain any coal at all. The United States stepped into the breach by allocating Sweden approximately 75,000 tons a month, but Sweden pointed out that unless she could obtain substantially larger quantities somewhere, she would have to use her production of timber for fuel, and would be unable to cut and transport sufficient timber for the Continent and Britain.

Switzerland's case was similar, for she had almost no coal of her own. During the war she obtained about 1,800,000 million tons annually, but after V-E Day she was able to get only about 25,000 or 30,000 tons per month, supplied by the United States. Her industrial output was important to Europe, and if she was to maintain it and supply electric power and pit props to France, she had to have additional coal. And Portugal and Finland were in much the same predicament.

Belgium has considerable coal (though not an adequate amount for her needs) and she sought to get the timber that she required by diverting coal to Sweden or Finland from her mines, or from the coal she received from the United States. Such a solution was feasible for a country who, like Belgium, could sacrifice some coal and had some forest resources; it was no solution for a country like Great Britain, who was in desperate need of imported timber and could spare no coal, or for a country like Denmark, who had no fuel production whatever to trade for timber.

These difficulties led to the formation of a coal-timber committee, representing ECO and the Emergency Economic Committee for Europe (EECE), which evolved formulas for exchanging quantities of coal from the ECO pool for quantities of timber from the neutral and Allied suppliers. Thus the capitalist countries put into effect the principle "from all according to their abilities, to all according to their needs." Unfortunately, Communist Russia seemed to disapprove.

Simultaneously with these arrangements, the ECO members agreed in March 1946 to admit Sweden, Portugal and Finland as "associated countries." This meant that these countries could submit their requirements to ECO and send representatives to the meetings of the Allocations Proposal Committee, but that they had no voice and no vote, and could not participate in the formulation of ECO policies. It was understood, however, that they would be eligible for membership in ECO as soon as former neutral countries were accepted in the United Nations. Coal also had to be supplied to Italy and Austria if they were to survive; both were represented at meetings of the ECO Allocations Proposal Committee by officers of the Allied Control Authority, but after January 1, 1946, UNRRA assumed responsibility for Italian procurement, and Italy was later admitted as an associated country.

IV

The core of ECO's job was, of course, to recommend the amounts of coal which would be distributed to the various countries. At the beginning, ECO undertook to devise formulas which would give each participant a just share of

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the inadequate supply. In fact, however, allocations were for the most part made on a basis of current needs, current supply and available shipping facilities — though the prewar consumption of each country was always kept in mind. Early in 1947, the United States sponsored a formula which made recommendations proportionate to the 1935–38 average consumption of each recipient country, adjusted to allow for bonuses to producing countries as incentives to increase production, for rehabilitation of war damage, and for deductions based on increased generation of hydroelectric power. Whenever it was deemed possible to stimulate production of critical items, such as foods and phosphates for export, by additional coal supplies, further adjustments were made. The application of a general formula was rendered difficult, however, by Poland's insistence on the right to enter bilateral agreements. The ECO principle of making allocations according to comparative need rather than through the bargaining power of individual countries excluded bilateral arrangements except in isolated instances for some limited object. But Poland looked upon her coal resources as her major weapon in obtaining the material she needed for reconstruction, and as we have noted joined ECO on condition that she have the right to bargain. She proposed two allocation categories, one for coal delivered under bilateral agreements where deliveries would be fully accounted for under a basic ECO formula, and another for coal delivered under particular bilateral arrangements. These arrangements specified that the recipient country would furnish assistance to her, particularly in the reconstruction of her transportation system.

The Poles pointed out that such an arrangement would provide them with the foreign credits which they so badly needed, since by means of it they could have obtained credits up to several times the value of the coal delivered. The United States, however, declared that certain countries would be placed under a decided disadvantage if the Polish views were to prevail — for example, Denmark, whose stock-in-trade is food. A major part of Denmark's food exports were, by agreement, subject to allocation recommendations by the Food and Agriculture Organization, and thus she was not free to bargain her food for coal. This problem was never satisfactorily solved, although by and large the formula sponsored by the United States was employed.

It was also hard to bring the distribution of German coal under a general formula because its price was lower than that of American coal, transport costs were less, and better qualities were available. Moreover, almost 15 percent of the German coal available consisted of brown-coal briquettes which could be shipped only to adjacent countries because of the danger of spontaneous combustion, and because long hauls were in any event uneconomic. Calorific allowance values, however, were made in the recommendations for these lower quality coals. There was also the problem of special purpose coals, which had to be sent to certain countries. Sweden and Switzerland, for example, particularly require coals suitable for gas, locomotive and metallurgical purposes. The liberated countries, however, felt that they should be granted the major part of the German coal in preference to neutrals and ex-enemies. However, ECO followed the principle that, in general, there should be no separate allocation of German coal, but that it should be distributed on a basis of need as part of the whole ECO pool, without discrimination.

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V

On the whole, it may be said that the work of ECO was successful. The member governments accepted the monthly recommendations so consistently that these proposals were tantamount to authoritative allocations. Since ECO had no executive authority whatever, this willingness to abide by its recommendations was a tribute to the fairness of the agency's decisions. Paradoxically, ECO's provisional and advisory character contributed rather than detracted from its effectiveness. The secretariat of the agency and the governmental representatives knew that they were dealing with a terribly pressing problem. The emergency evoked a spirit of give-and-take, of compromise and of agreement. A formal vote was never required. Such a spirit is not so likely to pervade organizations which are built up on elaborate constitutions, oriented toward distant objectives and accustomed to inflexible administrative regulations. Governments with reasonably similar outlooks are more likely to cooperate successfully under loose arrangements than when every decision is final and irrevocable. Thus, in the ECO, they were disposed to participate in improvisations which seemed to meet a particular situation but did not constitute hard and fast commitments. It was not until January 1945, more than half a year after ECO was organized, that the member governments formally signed a charter drawn in general terms; and perhaps the chief reason for this was merely to provide a legal basis for obtaining operating funds and thereby relieving the British Government of the task it had voluntarily assumed of supplying office space, civilian personnel and administrative facilities.

An important factor of ECO's success was that the job of fitting inadequate amounts of coal to pressing needs was, though complex, at least a concrete and definable problem. The men who represented the various governments were in almost all cases technically competent and experienced in the coal industry. They perceived the importance of an orderly distribution of coal in Europe. Moreover, many of them came to the monthly meetings in London direct from their respective capitals, and hence were in close touch with the attitudes of their home governments on the problems with which the agency had to deal. Thus they imparted a reality to the deliberations which gave substance to the final recommendations. This sense of reality can easily be lacking in the decisions of an international body. The fact that the headquarters of ECO were in a major capital, London, made closer the working relationship between the home ministries and the agency. The American representatives in ECO, as well as in certain other European emergency economic organizations, were part of the Mission for Economic Affairs of the State Department in the Embassy in London. They were thereby able to coördinate their activities with the policies of the United States on related economic matters; and they enjoyed the practical advantage of seeing the relevant cables which passed between the State Department and the Embassy. They were thus helped to gain an accurate understanding of American policy and practice.

The experience of the SHAEF Solid Fuels Section was of great help in getting the work of ECO going. A loan of personnel by the Solid Fuels Section smoothed the transition from a military to a civilian basis, and several military members of the staff remained as civilians after demobilization. Fortu-

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nately, ECO leadership was strong and experienced. The two successive chairmen, Mr. John C. Gridley and Mr. J. Eaton Griffith, both British nationals, and the Secretary-General, Mr. Basil P. Aicard, a Frenchman, had wrestled with the problem of coal supply during the war, and their expert guidance enlisted the devoted support of the staff of this agency and the government representatives. The delegations of all the governments were composed of men of great technical competence and high character.

Now that ECO as such has ceased to exist, and its functions have been transferred to Geneva, the organization becomes part of the huge United Nations administrative machinery. The important political difference in this new set-up is that the Eastern European Governments are entitled to participate in the allocation of coal as members of the United Nations. For a long time, ECO eagerly sought their collaboration, but under the present circumstances one can only wonder whether their participation will not be more likely to paralyze the effective allocation procedure than to promote it. Thus far, Poland has joined in the work of the Coal Committee of the Economic Commission for Europe; Czechoslovakia, Jugoslavia and Hungary have participated intermittently. The U.S.S.R. has still abstained.

In a period of intense diplomatic friction, it is surely wise to try to separate international economic and social activities from the international political quarrels in so far as this is possible. If (as all hope, but few expect) collaboration on certain economic matters proves possible, then some impulse toward political coöperation may be felt. The main problem in regard to coal, of course, is not how to distribute an insufficient supply among needy claimants but how to increase production so that there will be enough for all. And, indeed, there will probably be a day when the problem is a surfeit of coal. The European countries have recently indicated that they would not take the full amount available from the United States in the second quarter of 1948, but would depend on their own mines plus imports from European sources. However, this may be a reflection of the shortage of dollars rather than a decrease in needs for coal.

If we can generalize from the experience of one successful postwar agency, the conclusion to be drawn from the work of the European Coal Organization seems to be that international collaboration is effective when specific organizations are designed to meet immediate problems, when they are a product of previous experience, and are small, supple and free of the administrative rigidities imposed upon vast organizations. Their effectiveness is probably enhanced by an awareness of political realities and diminished by too much of an international civil service climate. It is interesting to note that the restricted regional pattern forced upon ECO by the Eastern European countries did not measurably detract from its usefulness, and also that collaboration did occur between Eastern and Western Europe when an eastern country had something to trade. Most important of all, it may be that such agencies, working successfully in many sectors of international life, can help to overcome the jealousy with which national states guard every particle of their sovereign authority.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

By Robert Gale Woolbert

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General: Political, Military and Legal

PEACE OR POWER. BY HAROLD BUTLER. New York: Macmillan (London: Faber), 1948, 269 p. $4.50.

Sir Harold Butler, after serving as Director of the International Labor Office, was Minister in charge of information at the British Embassy in Washington during the recent war. His amiable review of recent world events does not lead him to despair of the possibility of east and west coöperation.

THE UNITED NATIONS. BY HERBERT VERE EVATT. Cambridge: Harvard University Press, 1948, 154 p. $2.50.

As one would expect, the Australian Foreign Minister is very forthright in his criticism of the operation of the Charter, notably in the Security Council. In his final chapter — on the "Future" — he passes judgment on several plans for reform.

EUROPE WITHOUT BAEDEKER. BY EDMUND WILSON. Garden City: Doubleday, 1947, 427 p. $4.00.

Half of these essays on the author's visit to England, Italy and Greece in 1945 appeared, in briefer form, in *The New Yorker*. They are perceptive, well written, but betray numerous deep-seated prejudices and considerable political naïveté.

INEVITABLE PEACE. BY CARL JOACHIM FRIEDRICH. Cambridge: Harvard University Press, 1948, 294 p. $4.75.

Kant's ideas on the attainment of permanent peace, and their application under the conditions of today, expounded by a professor of government at Harvard.

L'ORGANISATION DES NATIONS UNIES. VOLUME I. L'ORGANISATION CONSTITUTIONNELLE DES NATIONS UNIES. BY LAZARE KOPELMANAS. Paris: Sirey, 1947, 327 p. Fr. 350.

A learned and exhaustive examination of the "constitutional sources" of the various provisions of the Charter, notably in the experience of the League of Nations.

DIPLOMACY BY CONFERENCE. BY LORD HANKEY. New York: Putnam, 1947, 179 p. $3.00.

These lectures and papers going back to 1920 deal not so much with diplomacy as with affairs, particularly as regards defense, within the British Commonwealth. Lord Hankey has had a distinguished career in a succession of high offices in Great Britain.

WORLD COMMUNISM TODAY. BY MARTIN EBON. New York: Whittlesey House, 1948, 536 p. $4.50.

Mr. Ebon has painstakingly assembled a mass of relevant information about Communist parties throughout the world, from Russia to Haiti. For the moment, he sees Communism on the defensive, but he expects it to stage a comeback during the expected depression, with no small chance of success unless we take steps to remove the sore spots that breed discontent. Bibliography.

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HITLER IN OUR SELVES. By Max Picard. Hinsdale (Ill.): Regnery, 1947, 272 p. $3.50.

A physician and philosopher finds the seed of Nazism implanted in every country and society, waiting to be fertilized by the spiritual malaise that gave birth to Hitler.

PRELUDI DEL GRANDE DRAMMA. By N. P. Comnène. Rome: Leonardo, 1947, 507 p. L. 1600.

M. Comnène occupied among other offices that of Rumanian Foreign Minister and President of the League of Nations Council. This is not a systematic treatise, being rather a running commentary on events and persons during 1938. Part I covers the period up through Munich; Part II deals with the weeks immediately following that crisis, and consists largely of excerpts from the author's diary.

IDEE E FATTI SOCIALI TRA DUE GUERRE MONDIALI. By Leonida de Gobbi. Rovigo: Istituto Padano di Arti Grafiche, 1947, 323 p. L. 320.

A rather elementary attempt at historical synthesis, with a chronology of the war.

LA NOUVELLE POLITIQUE COLONIALE. By A. Wauters. Brussels: Éditions de la Paix, 1946, 107 p. Fr. 110.

A review and critique of developments in the policies of the major colonial powers before and during the recent war.

A MODERN LAW OF NATIONS. By Philip C. Jessup. New York: Macmillan, 1948, 236 p. $4.00.

Several chapters in this provocative analysis of recent trends in international law are based on articles originally published elsewhere. Professor Jessup is at present on leave from Columbia University to act as American representative on the United Nations Interim Committee (Little Assembly).

THE CRISIS IN THE LAW OF NATIONS. By H. A. Smith. London: Stevens (for the London Institute of World Affairs), 1947, 102 p. 7/6.

A dynamic view of international law and of the changes necessitated by recent events.

CARACTERÍSTICAS ESSENCIAIS DO NOVO DIREITO INTERNACIONAL. By Ilmar Penna Marinho. Rio de Janeiro: Imprensa Nacional, 1947, 475 p.

Learned essays, with bibliography, on recent developments in international law and organization.

DAS KRIEGSSCHADENRECHT DER NATIONEN. Volume I. By Hans Joseph Cahn. Zurich: Europa Verlag, 1947, 336 p. (New York: Krause, $12.50.)

A scholarly exposition and analysis of existing legislation and practice, with a lengthy bibliography.

THE AIR WEAPON, 1914–1916. By John R. Cuneo. Harrisburg (Pa.): Military Service Publishing Co., 1947, 503 p. $5.00.

A detailed chronological summary of the war in the air, forming Volume II of the author's "Winged Mars." Over 70 sketch maps, bibliography and notes.

VINGT-CINQ ANNÉES D'AVIATION MILITAIRE (1920–1945). VOLUME I. LA GENÈSE DU DRAME AÉRIEN DE 1940. By General J. Hébrard. Paris: Michel, 1946, 291 p. Fr. 450.

An illustrated history of the evolution of air weapons and strategy.

MEN AGAINST FIRE. By S. L. A. Marshall. New York: Morrow, 1947, 215 p. $2.75.

A penetrating analysis of the behavior and leadership of men in active combat.

BOMBS AT BIKINI. By W. A. Shurcliff. New York: Wise, 1947, 212 p. $3.50.

The official report of "Operation Crossroads," prepared by its historian.

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THE STATESMAN'S YEAR-BOOK 1947. EDITED BY S. H. STEINBERG. New York: Macmillan, 1947, 1441 p. $7.50.

The return of peaceful conditions has made it possible to bring up-to-date much of the statistical information in this noted reference annual.

General: Economic and Social

LES CONSÉQUENCES ÉCONOMIQUES DE LA GUERRE, 1939–1946. BY JEAN CHARDONNET. Paris: Hachette, 1947, 327 p. Fr. 350.

This is a most useful work, full of conveniently arranged information concerning the transformation wrought by the war in the principal industrial countries and pointing up the present preëminence of the United States and the Soviet Union at the expense of Western Europe. The author is a professor at Dijon University.

LA RÉORGANISATION DE L'ÉCONOMIE MONDIALE. BY B. V. DAMALAS. Paris: Presses Universitaires, 1947, 525 p. Fr. 500.

A review of the League's unsuccessful attempts to effect world-wide economic reforms, and an expression of disappointment at a similar failure by the United Nations.

FREE TRADE — FREE WORLD. BY OSWALD GARRISON VILLARD. New York: Robert Schalkenbach Foundation, 1947, 278 p. $3.00.

An old-fashioned liberal presents a reasoned case for more practical liberalism in our foreign trade policies.

THE NEW ECONOMICS: KEYNES' INFLUENCE ON THEORY AND PUBLIC POLICY. EDITED BY SEYMOUR E. HARRIS. New York: Knopf, 1947, 686 p. $6.00.

An evaluation of Keynes' teachings, by 25 American and European economists.

COSA È IL MARXISMO. BY ANTONIO GRAZIADEI. Rome: Ateneo, 1947, 170 p. L. 450.

Twelve lectures delivered at the University of Rome in which Marxian economics are analyzed somewhat blandly.

GOVERNMENT AND MASS COMMUNICATIONS. BY ZECHARIAH CHAFEE, JR. Chicago: University of Chicago Press, 1947, 2 v. $7.50.

By and large this report by the Commission on Freedom of the Press comes out against government control.

LES PREMIÈRES ÉTAPES D'UNE CHARTE MONDIALE DES DROITS INTELLECTUELS. BY RAYMOND WEISS. Paris: Sirey, 1947, 93 p. Fr. 140.

A review of recent progress and proposals for future action.

MODERN NATIONALISM AND RELIGION. BY SALO WITTMAYER BARON. New York: Harper, 1947, 363 p. $5.00.

An illuminating and original analysis of the close interrelation of these two forces in the modern world, by a professor at Columbia.

CONFLICTS OF POWER IN MODERN CULTURE. EDITED BY LYMAN BRYSON AND OTHERS. New York: Harper, 1947, 703 p. $6.50.

The Seventh Symposium of the Conference on Science, Philosophy and Religion in their Relation to the Democratic Way of Life.

RACE AND NATIONALITY AS FACTORS IN AMERICAN LIFE. BY HENRY PRATT FAIRCHILD. New York: Ronald, 1947, 216 p. $3.00.

An emeritus professor of sociology at New York University, in exploding some myths about race, adds a few of his own concerning the nature of American "nationality."

CAN SCIENCE SAVE US? BY GEORGE A. LUNDBERG. New York: Longmans, 1947, 122 p. $1.75.

By "science" Professor Lundberg means "social science," and he answers his question in the affirmative on condition that sociology apply truly scientific techniques.

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The Second World War

LA SECONDE GUERRE MONDIALE (1939–1945). By Roger Céré. Paris: Presses Universitaires, 1947, 118 p. Fr. 45.

This *tour de force* of brevity covers both military and political events.

WEAPONS OF WORLD WAR II. By Major General G. M. Barnes. New York: Van Nostrand, 1947, 317 p. $7.50.

Photographs and technical information, in large format.

THE WAR REPORTS OF GENERAL OF THE ARMY GEORGE C. MARSHALL, CHIEF OF STAFF, GENERAL OF THE ARMY H. H. ARNOLD, COMMANDING GENERAL, ARMY AIR FORCES, AND FLEET ADMIRAL ERNEST J. KING, COMMANDER-IN-CHIEF, UNITED STATES FLEET AND CHIEF OF NAVAL OPERATIONS. Philadelphia: Lippincott, 1947, 801 p. $7.50.

These reports have already been published singly. Brought together between two covers they constitute a first-rate, though necessarily limited, record of our part in the war. There are photographs, maps, charts and chronologies.

BOMBER OFFENSIVE. By Marshal of the R.A.F. Sir Arthur Harris. New York: Macmillan, 1947, 288 p. $2.75.

A report on the accomplishments of the Bomber Command, by the man who led it.

THE ROYAL AIR FORCE AND U.S.A.A.F. FROM OCTOBER, 1944, TO SEPTEMBER, 1945. By Air Commodore L. E. O. Charlton. London: Hutchinson, 1947, 288 p. 21/.

This fifth volume completes Charlton's profusely illustrated series, and covers the Far East as well as the European and Mediterranean theaters.

LE SACRIFICE DE DUNKERQUE (1940). By Robert Béthegnies. Lille: Demailly, 1947, 326 p. Fr. 390.

Despite a rather inappropriate literary style, this is a valuable reconstruction of the Dunkerque episode, by a French engineer stationed there from the start of the war.

LE CORPS EXPÉDITIONNAIRE FRANÇAIS DANS LA CAMPAGNE D'ITALIE 1943–1944. By Colonel Goutard. Paris: Lavauzelle, 1947, 250 p. Fr. 200.

A chronological record, with nine maps.

LUCKY FORWARD. By Colonel Robert S. Allen. New York: Vanguard, 1947, 424 p. $5.00.

An officer on General Patton's staff, in peacetime a journalist, recounts the history of the Third Army in glowing language and not infrequently without proper credit to other outfits and commanders.

DIE LETZTEN TAGE DER REICHSKANZLEI. By Gerhard Boldt. Hamburg: Rowohlt, 1947, 91 p. M. 2.80.

A young German officer on Hitler's staff describes the battle for Berlin early in 1945.

ALSOS. By Samuel A. Goudsmit. New York: Schuman, 1947, 259 p. $3.50.

The remarkable story of how a mission of American scientists ferreted out Germany's rather unimpressive achievements in the military application of atomic energy.

LA GUERRE SUR MER. VOLUME II: SOUS-MARINS ET CROISEURS FRANÇAIS. By A. Thomazi. Paris: Plon, 1947, 120 p. Fr. 48.

Episodes from the recent war.

FUNO (GUERRA EM TIMOR). By Carlos Cal Brandão. Oporto: Edições AOV, 1946, 200 p. Escudos 15.

A personal account of the Japanese invasion of Portuguese Timor.

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The United States

ON ACTIVE SERVICE IN PEACE AND WAR. By Henry L. Stimson and McGeorge Bundy. New York: Harper, 1948, 698 p. $5.00.

This is without question one of the most important biographical works of our generation. Though written in the third person by Mr. Bundy, it is in fact autobiographical — "the record of Mr. Stimson's public life as he himself sees it" — and rests on Mr. Stimson's diary and other papers, and recollections. It embraces a span and diversity of patriotic service unique in American history, culminating in the Secretaryship of War from 1940 to 1945 (to which period the last half of the book is devoted). A reading of these pages will disclose a great deal of information, some of it new, about the events of a half century; above all, it will reveal the character of the man whose honesty, intelligence and faithfulness to duty have made him our Elder Statesman.

THE PRICE OF POWER. By Hanson W. Baldwin. New York: Harper (for the Council on Foreign Relations), 1948, 361 p. $3.75.

This timely, cogent volume is the outcome of the collective labors of a study group at the Council on Foreign Relations, though the actual composition and no small part of the subject matter are attributable to Mr. Baldwin, military editor of *The New York Times*. One after another he takes up the specific problems posed for the United States by warfare in the atomic age — economic mobilization, psychological factors, new weapons, intelligence work, etc. — and dovetails them into the over-all political and strategic picture of today. Though he does not hesitate to express opinions or to take a stand on controversial issues such as universal military training, his judgments are balanced and judicious.

PUT YOURSELF IN MARSHALL'S PLACE. By James P. Warburg. New York: Simon and Schuster, 1948, 93 p. $1.00.

A fast-moving review of the problems faced by Secretary of State Marshall during his first year in office. Mr. Warburg indicates that, among other things, he wants an attempt at accommodation with Russia, but no appeasement. The second half of the book contains an appendix of 21 documents exemplifying current American foreign policy issues.

AMERICA'S DESTINY. By Herman Finer. New York: Macmillan, 1947, 407 p. $5.00.

A noted British political scientist, believing that world government is impossible in this ultra-nationalist epoch, proposes that the United States, chief custodian of democratic power, take the lead in resisting the expansion of Soviet power.

THE UNITED STATES AND SOUTH AMERICA: THE NORTHERN REPUBLICS. By Arthur P. Whitaker. Cambridge: Harvard University Press, 1948, 280 p. $3.50.

Appearing in Sumner Welles' "American Foreign Policy Library," this well-informed volume covers the republics of Venezuela, Colombia, Ecuador, Peru and Bolivia — their geographical and historical backgrounds and their place in the contemporary world.

THE UNITED STATES AND ARMAMENTS. By Merze Tate. Cambridge: Harvard University Press, 1948, 312 p. $6.00.

A scholarly monograph summarizing American participation in disarmament conferences and schemes, particularly since World War I.

EXPORTING ARMS. By Murray Stedman. New York: King's Crown Press (Columbia University), 1947, 150 p. $3.00.

An objective appraisal of the operation of the Federal Arms Exports Administration under the State Department from 1935 to 1945.

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AMERICAN SEA POWER SINCE 1775. EDITED BY ALLAN WESTCOTT. Philadelphia: Lippincott, 1947, 609 p. $5.00.

A well-informed survey of our naval history, prepared by members of the staff at Annapolis. Nearly one-half the volume deals with the recent war.

AMERICA AND WAR. BY MARION O. FRENCH. Harrisburg (Pa.): Military Service Publishing Co., 1947, 544 p. $5.00.

The writer, who has combined a military career with a professional interest in theosophy, seeks to interrelate the history of the American armed forces with concomitant political and economic trends.

FORGING THE THUNDERBOLT. BY MILDRED HANSON GILLIE. Harrisburg (Pa.): Military Service Publishing Co., 1947, 330 p. $4.00.

The story of the origins and development, despite sundry handicaps, of the American Armored Force.

ADMIRAL HALSEY'S STORY. BY FLEET ADMIRAL WILLIAM F. HALSEY AND LIEUTENANT COMMANDER J. BRYAN III. New York: Whittlesey House, 1947, 310 p. $4.00.

On the whole a candid report, dealing primarily with his operations during the recent war. The Admiral distributes blame and credit with a liberal hand, not excluding himself, and he will undoubtedly draw some fire from certain quarters.

WAR AS I KNEW IT. BY GEORGE S. PATTON, JR. Boston: Houghton, 1947, 425 p. $3.75.

Though these wartime memoirs, edited by Mrs. Patton, are far less lurid than the general's unexpurgated, and as yet unpublished, diary, they clearly reveal his temperament and his ideas on the fighting profession.

PRESIDENTIAL GOVERNMENT IN THE UNITED STATES: THE UNWRITTEN CONSTITUTION. BY C. PERRY PATTERSON. Chapel Hill: University of North Carolina Press, 1947, 301 p. $3.75.

The author suggests a form of responsible cabinet government as a way out of the frequent conflicts between Congress and the President.

FRANKLIN DELANO ROOSEVELT: SELECTIONS FROM HIS WRITINGS. EDITED BY PHILIP S. FONER. New York: International Publishers, 1947, 80 p. $1.25.

These passages were chosen to emphasize Roosevelt's reform policy at home and his opposition to Fascism abroad.

HARRY TRUMAN: A POLITICAL BIOGRAPHY. BY WILLIAM P. HELM. New York: Duell, 1947, 241 p. $3.00.

The author, a Republican and former Washington correspondent of the *Kansas City Journal-Post*, protests his friendship for Mr. Truman; but much of his account of the President's career is, at best, left-handed praise.

DIARY OF DEMOCRACY: THE SENATE WAR INVESTIGATING COMMITTEE. BY HARRY AUBREY TOULMIN, JR. New York: R. R. Smith, 1947, 277 p. $3.50.

The lessons, political and economic, to be drawn from the activities of the Truman-Mead Committee, in part based on unpublished material.

PROSPERITY DECADE: FROM WAR TO DEPRESSION: 1917–1929. BY GEORGE SOULE. New York: Rinehart, 1947, 365 p. $5.50.

DEPRESSION DECADE: FROM NEW ERA THROUGH NEW DEAL, 1929–1941. BY BROADUS MITCHELL. New York: Rinehart, 1947, 462 p. $5.50.

These two titles form Volumes VIII and IX in "The Economic History of the United States." Mr. Soule is a former editor of *The New Republic* and Dr. Mitchell teaches economics at Rutgers University. Their accounts are both descriptive and analytical, the latter giving scope for their own theoretical predilections.

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ONE THOUSAND AMERICANS. By George Seldes. New York: Boni and Gaer, 1948, 312 p. $3.00.

Mr. Seldes has built quite a reputation as an exposer of men and forces corrupting our democratic institutions and monopolizing our economic life. He does not list the thousand who control our destinies but he goes after a number of them — financial houses, magazines and the like.

AMERICAN MIRACLE: THE STORY OF WAR CONSTRUCTION AROUND THE WORLD. By Van Rensselaer Sill and Others. New York: Odyssey Press, 1947, 301 p. $4.00.

Examples of America's genius as a builder.

DEMOCRACY'S AIR ARSENAL. By Frank J. Taylor and Lawton Wright. New York: Duell, 1947, 208 p. $7.50.

The dramatic story of America's wartime production of airplanes, with many photographs (in large format).

NATIONAL PRODUCT SINCE 1869. By Simon Kuznets and Others. New York: National Bureau of Economic Research, 1946, 239 p. $3.00.

An appraisal of the statistics.

Western Europe

BRIDGES OVER THE RHINE. By Ernst Erich Noth. New York: Holt, 1947, 317 p. $3.00.

In somewhat bombastic prose, a German in exile since 1933 warns against encouraging the revival of chauvinism and industrial militarism in Germany. He favors, for instance, the internationalization of the Ruhr and an honest, long-range attempt to plant the seeds of democratic ideals among the German people.

L'ITALIE ET NOUS. By G. André-Fribourg. Paris: Dupont, 1947, 658 p. Fr. 390.

The author of this voluminous review of Franco-Italian relations during the last hundred years stresses the tradition of anti-French sentiment animating much of Italy's policy toward her Latin sister.

THE RESHAPING OF FRENCH DEMOCRACY. By Gordon Wright. New York: Reynal, 1948, 277 p. $3.50.

An objective survey of the contemporary French political scene placed in its background of prewar and wartime developments. The author, recently attached to the American Embassy in Paris, stresses the instability of the present constitutional arrangement in France.

IL PROCESSO PÉTAIN. By Cesare Giardini. Milan: Rizzoli, 1947, 339 p. L. 400.

Giardini carefully reviews the 1,000 pages of the stenographic report on the Marshal's trial in July and August 1945 (he reproduces some 400 of these pages), reconstructs the chain of events leading up to the creation of the Vichy régime, and comes to the conclusion that Pétain did not get a fair hearing.

BILAN DE L'ÉCONOMIE FRANÇAISE 1919–1946. By Charles Bettelheim. Paris: Presses Universitaires, 1947, 291 p. Fr. 360.

After reviewing developments in various sectors of French economic life, M. Bettelheim, an official in the Ministry of Labor, decides that French capitalism has largely given up trying to compete in the world market, adopting instead a restrictionist and monopolist policy at home. From this, he feels, flows a necessity to nationalize the key elements in the country's economy.

IL FAUT CHOISIR: MONNAIE SAINE OU ÉTAT TOTALITAIRE. By Jacques Rueff. Paris: Éditions Sedif, 1947, 170 p. Fr. 180.

In this condensation of the author's "L'Ordre Social" the case is stated for a balanced budget and a sound currency.

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DE GRENZEN VAN NEDERLAND: OVERZICHT VAN WORDING EN POLITIEKE TENDENZEN. By A. C. J. de Vrankrijker. Amsterdam: Contact, 1946, 255 p. Guilders 6.90.

A monograph, with maps, on the evolution of Holland's boundaries.

LA BELGIQUE SOUS LES NAZIS. By Paul Delandsheere and Alphonse Ooms. Brussels: L'Édition Universelle, 1946, 4 v. Fr. Belgian 500.

A well-informed, day-by-day account and appraisal of events in Belgium from 1940 to 1944.

THE GOEBBELS DIARIES 1942–1943. Edited by Louis P. Lochner. Garden City: Doubleday, 1948, 566 p. $4.00.

Here we have some excerpts, long and short, from the 1942 and 1943 entries in Goebbels' voluminous diary, rescued from destruction after the Russian occupation of Berlin. Mr. Lochner, for two decades chief of the Associated Press Bureau in the German capital, has provided a smooth, colloquial translation and numerous helpful notes. The Propaganda Minister's self-revelation as a man of keenest intelligence, excessive vanity, boundless ambition and utter moral depravity is what one would expect. His cynicism was not as brittle as the play-boy Ciano's, and allows no room for doubts as to the justice of the Nazi cause or the divine mission of the Fuehrer. The historian will find many important revelations here, and writers on the Allied side will discover much ammunition they can discharge on behalf of their favorite heroes and theories of the late war.

GERMAN REALITIES. By Gustav Stolper. New York: Reynal, 1948, 341 p. $3.75.

Dr. Stolper, who died shortly after completing the manuscript for this volume, was a German economist who had been a member of the pre-Nazi Reichstag before coming to America in the early thirties. In this diagnosis of the German problem he found *inter alia* that Nazism was an aberration from the main stream of German history; that the Germans were not particularly to blame for any war except the last one; that the Allies, above all the Russians, have done just about all the wrong things in Germany, etc. On certain crucial details — *e.g.* the Yalta Conference and Roosevelt's Soviet policy — his facts are wide of the mark.

THE ORIGINS OF MODERN GERMANY. By G. Barraclough. New York: Macmillan (London: Blackwell), 1948, 481 p. $6.00.

This work is useful for its insight into recent German scholarship, but it is vitiated by its adherence to the Prussian school of historiography that has exalted the centralizing, militaristic elements in Germany's political evolution.

GERMANY: WHAT NOW? By Joachim Joesten. Chicago: Ziff-Davis, 1948, 331 p. $3.75.

A compendium of not too up-to-date information on the political situation and economic conditions of the four occupied zones, interpreted from a leftist slant.

DEUTSCHE VERFASSUNGSPLÄNE. By Otto Grotewohl. Berlin: Dietz, 1947, 112 p. M. 1.50.

A criticism of the Weimar Constitution and suggestions for a new constitution of a democratic republic in Germany, including a proposed draft of 109 articles.

IN DARKEST GERMANY. By Victor Gollancz. Hinsdale (Ill.): Regnery, 1947, 252 p. $3.50.

The author, a London publisher of leftist persuasions, visited the British Zone of Germany in the fall of 1946. In this illustrated report he strongly criticizes Allied policy, or lack of it, for failing to win the Germans over to our way of thinking and behaving.

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REPARATIONEN, SOZIALPRODUKT, LEBENSSTANDARD. By G. W. Harmssen. Bremen: Trüjen, 1947, 13 pts.

At the request of the Minister-Presidents of the Länder in Bizonia, Senator Harmssen of Bremen prepared this report on the plight of the German economy. Essentially it is a brief against reparations with little recognition of why the victors may have felt justified in taking them. It is too bad that one of the first large-scale economic works to come out of postwar Germany should not have been more objective, more constructive and less self-pitying.

IL NAZIONALSOCIALISMO E LA SANTA SEDE. By Michele Maccarrone. Rome: Studium, 1947, 270 p. L. 450.

This volume, authorized for publication by the Vatican, gives a factual and documented account of the Papacy's unhappy relations with Hitler's régime, from the Concordat of 1933 down through the recent war.

HITLER È VIVO. By Clara Falcone. Milan: Edizioni Riunite, 1947, 151 p. L. 280.

An Italian journalist finds that the occupying Allies have failed to cure the Germans of their psychological ills and that Hitler is therefore still among them in spirit.

THE ABUSE OF LEARNING. By Frederic Lilge. New York: Macmillan, 1948, 184 p. $2.75.

The author reviews the development of the German universities from the Hohenzollern era to the present and seeks to understand the reasons for their failure to act as rallying points for German liberals.

THE HIDDEN DAMAGE. By James Stern. New York: Harcourt, 1947, 406 p. $4.00.

The physical plight and psychological attitudes of Germans in bombed-out cities reported in the first person by a keenly perceptive Irish-American.

GERMAN RESEARCH IN WORLD WAR II. By Leslie E. Simon. New York: Wiley, 1947, 218 p. $4.00.

An objective evaluation of its successes and failures, by the director of the United States Ballistic Research Laboratories.

THE CASE OF RUDOLF HESS. Edited by J. R. Rees. New York: Norton, 1948, 224 p. $3.00.

A clinical report on Hitler's onetime coadjutor by eight psychiatrists, British and American, who came into professional contact with him.

GERMAN THEORIES OF THE CORPORATIVE STATE. By Ralph H. Bowen. New York: Whittlesey House, 1947, 243 p. $2.75.

Deals primarily with the period of the Hohenzollern Empire.

DAS ENDE DES HITLER-MYTHOS. By Josef Greiner. Zurich: Amalthea, 1947, 342 p. Sw. Fr. 13.80.

Greiner, said to be the only surviving friend of Hitler's impecunious days in Vienna, provides some interesting sidelights on events and persons that influenced the Fuehrer in his formative days. Part II, on the "Tragedy of Austria" (1914–45), adds little to our knowledge.

POLITIK DER MITTE. By Karl Gruber. Zurich: Europa Verlag, 1946, 149 p. Sw. Fr. 4.95.

The author became Foreign Minister of Austria after World War II. At great personal risk, in 1940, he wrote this plea for translating the One World ideal into reality.

WIR WOLLEN ÖSTERREICH. By Alfred Kasamas. Vienna: Österreichischer Verlag, 1947, 292 p. Schillings 5.

An official statement of the principles and objectives of the Austrian People's Party.

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SWISS NEUTRALITY. By Edgar Bonjour. New York: Macmillan (London: Allen and Unwin), 1947, 135 p. $1.65.

An abridged English version of the original German edition, reviewed here in October 1947.

L'ITALIA ALLE SOGLIE DELL'EUROPA. By Carlo Sforza. Milan: Rizzoli, 1947, 112 p. L. 250.

Recent addresses delivered by the Italian Foreign Minister at Paris and Rome in defense of policies aimed at reintegrating his country into the European concert.

IL TRATTATO DI PACE CON L'ITALIA. By Giuseppe Vedovato. Rome: Leonardo, 1947, 624 p. L. 3000.

This valuable work, by one of Italy's leading authorities on international law, contains the parallel texts of the Treaty and of the relevant Italian proposals (first 400 pages); 106 notes and memoranda; various addresses and other documents; and a large colored map indicating the territorial and disarmament provisions.

L'ITALIA TRADITA DALL'ARMISTIZIO ALLA PACE. By Giacomo Carboni. Rome: Ateneo, 1947, 214 p. L. 435.

An Italian general severely criticizes the actions of King Victor Emmanuel, Marshal Badoglio, and other military and political leaders of the post-Fascist government, in particular for the terms of the Armistice.

UN POPOLO ALLA MACCHIA. By Luigi Longo. Milan: Mondadori, 1947, 501 p. L. 800.

Longo became a Communist in 1921, left Italy in 1926, was attached to the International Brigades in Spain, and in 1940 was handed over by the French to the Fascist régime. Freed in 1943, he helped organize and lead the Partisan forces in northern Italy, notably the Garibaldi Brigades. This is a circumstantial record of their contribution to the liberation of Italy. Longo is today one of the chiefs of the Italian Communist Party. Maps, illustrations and bibliography.

L'OCCUPAZIONE DI MILANO E LA LIBERAZIONE. By Alfredo Malgeri. Milan: Editori Associati (Garzanti), 1947, 135 p. L. 250.

An account of Milan under Nazi and Neo-Fascist rule and of its liberation in April 1945.

CHI FARÀ IL PROCESSO AL FASCISMO? By Giuseppe Agnello. Syracuse (Italy): Mascali, 1947, 206 p. L. 170.

The author foresees the rise of a new Mussolini unless the anti-Fascist forces in Italy show more intelligence and courage.

IL REGIME FASCISTA. By Stefano Jacini. Milan: Garzanti, 1947, 216 p. L. 250.

Without rancor, a Catholic leader traces the story of the origin and evolution of the Fascist Government to 1925, and then critically assesses the accomplishments of that régime in various fields of policy, domestic and foreign.

LA NUOVA COSTITUZIONE ITALIANA. By M. Ruini and Others. Rome: Studium, 1947, 227 p. L. 280.

The text of the new Italian Constitution, with commentaries by various hands.

I SICILIANI VOGLIONO IL RE. By Massimo Simili. Milan: Edizioni Riunite, 1947, 116 p. L. 250.

An effusive tract against Sicilian separatism.

PAGINE DI DIARIO. By Pietro Nenni. Milan: Garzanti, 1947, 172 p. L. 250.

The first half of this book by the leader of the pro-Communist wing of the Italian Socialist Party recounts his career prior to the March on Rome and was intended to be part of a much longer work, interrupted by the author's arrest in France (February 1943) on Nazi orders. The second half contains diary extracts describing the fall of France and Nenni's subsequent return to Italy as a political prisoner of the Fascists.

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JUGOSLAVIA E ALBANIA (MEMORIE DI UN DIPLOMATICO). By Carlo Umiltà. Milan: Garzanti, 1947, 199 p. L. 380.

Reminiscences of an Italian consular official covering most of the inter-war period.

LA CAÍDA DE ALFONSO XIII. By Francisco Camba. Madrid: Reus, 1947, 288 p. Ptas. 15.

A romanticized account of the end of the Spanish monarchy in 1930.

EN ESPAÑA SALE EL SOL. By Pedro de Basaldua. Buenos Aires: Editorial Orden Cristiano, 1946, 380 p. Pesos 6.50.

A Catholic writer and Basque patriot lifts the veil on the alliance between the Church and Franco, and on the persecution of the Basque clergy by the latter.

EL GENERAL D. MIGUEL PRIMO DE RIVERA. By Miguel Herrero Garcia. Madrid: Editorial Purcalla, 1947, 203 p. Ptas. 35.

A sympathetic review of his career as soldier and statesman.

EL DERECHO VASCO. By Jesús de Galíndez. Buenos Aires: Ekin, 1947, 220 p. Pesos 5.

An outline of the origins, development and nature of the political and constitutional principles underlying Basque history. Galíndez, who took part in the defense of Madrid (1936), is the author of "Los Vascos en el Madrid Sitiado" (Buenos Aires: Ekin, 1945, 188 p. Pesos 4).

PROBLEMAS FUNDAMENTAIS PORTUGUESES. By Ezequiel de Campos. Lisbon: *Ocidente*, 1946, 228 p. Escudos 30.

Much useful data on the economic geography of Portugal and her colonies, with detailed suggestions for reforms.

Eastern Europe

RUSSIA IN FLUX. By Sir John Maynard. New York: Macmillan, 1948, 564 p. $6.50.

This volume represents a condensation of the late Sir John's two books — "Russia in Flux" and "The Russian Peasant and Other Studies," published during the war — in which he set forth some interesting and, in some cases, novel interpretations of modern Russian history.

RUSSIA AND THE RUSSIANS. By Edward Crankshaw. New York: Viking, 1948, 223 p. $3.00.

Despite his literary flamboyance and frequent superficialities, the author provides illuminating insight into some of the mainsprings of Russian behavior.

RUSSIA: THE GIANT THAT CAME LAST. By Joshua Kunitz. New York: Dodd, 1947, 413 p. $5.00.

An original socio-political interpretation of Russian history up to 1917.

U.R.S.S. (HAUTE ASIE — IRAN). By Pierre George. Paris: Presses Universitaires, 1947, 533 p. Fr. 650.

A valuable, up-to-date addition to the current literature on the geography — physical and economic — of the Soviet Union. Each chapter has a comprehensive bibliographical note, and there are many photos and maps. Iran, Afghanistan and Central Asia are treated more perfunctorily.

SOVIET LAND. By G. D. B. Gray. London: Black, 1947, 324 p. 12/6.

A popular description of the economic geography of the Soviet Union, with many pictures, maps and diagrams.

ARMENIA REBORN. By Charles A. Vertanes. New York: Armenian National Council of America, 1947, 216 p. $3.00.

Praise for the achievements of the Soviet régime in Armenia.

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ELECTRONIC REPRODUCTION PROHIBITED

HENKISEN KULTTUURIMME KOHTALO. By Eino Krohn. Jyväskylä: Gummerus, 1947, 130 p. M. 280.

An inquiry into the ideological conflicts now raging in Finland.

MAANPAKOLAISEN MUISTELMIA. By Oskari Tokoi. Helsinki: Tammi, 1947, 359 p. M. 410.

The interesting reminiscences of one of Finland's working-class leaders. Following the general strike of 1905, Tokoi was elected to the country's new diet, later serving as chairman of the Social Democratic parliamentary group. Upon the outbreak of the civil war, he became Prime Minister of the short-lived Finnish Workers' Republic; in 1918 he fled to Russia and soon became one of the leaders of the famed Finnish Murmansk Legion. After being denounced by both the Communists and the Finnish Government as a traitor, Tokoi emigrated to the United States by way of Canada.

I SAW POLAND BETRAYED. By Arthur Bliss Lane. Indianapolis: Bobbs-Merrill, 1948, 344 p. $3.50.

Mr. Lane was American Ambassador in Poland from July 1945 to early in 1947, when he resigned in order to be free to tell his countrymen about what was going on behind the Iron Curtain. He went to Warsaw disliking the Communists, and the longer he stayed the more he disliked them. This is an angry book, well-informed but presenting only a few of the facets of the postwar situation in Poland.

BETWEEN FEAR AND HOPE. By S. L. Shneiderman. New York: Arco, 1947, 316 p. $3.75.

An account of affairs in postwar Poland, in particular conditions among the Jews.

THE ECONOMIC PROBLEM OF THE DANUBIAN STATES. By Frederick Hertz. London: Gollancz, 1947, 223 p. 15/.

The underlying thesis of this study of the effects of exaggerated nationalism is that means must be devised to recreate the economic unity of the Hapsburg Empire.

FORRADALOM UTÁN. By Gyula Szekfü. Budapest: Cserépfalvi, 1947, 207 p. Ft. 36.

In his first postwar book Hungary's great Catholic historian performs an unexpected *volte face:* he rejects western democracy as a superannuated political concept, endorses the Communist-led revolution in Hungary and the new order in the U.S.S.R., and accepts Soviet hegemony in East-Central Europe as a permanent state of affairs dictated by geopolitical considerations.

BORBA ZA OSLOBODJENJE JUGOSLAVIJE 1941–1945. By Josip Broz Tito. Belgrade: Kultura, 1947, 298 p. Dinars 35.

IZGRADNJA NOVE JUGOSLAVIJE. VOLUME I. By Josip Broz Tito. Belgrade: Kultura, 1947, 290 p. Dinars 50.

These two volumes contain practically everything Tito said or wrote from August 1941 to February 1946, republished from various sources.

ARCHBISHOP STEPINAC: THE MAN AND HIS CASE. By Anthony Henry, Count O'Brien of Thomond. Westminster (Md.): Newman Bookshop, 1947, 100 p. $1.75.

A short summary of the prelate's trial and the events leading to it, presented from an official Catholic point of view.

CHLANTSI 1941–1946. By Milovan Djilas. Belgrade: Kultura, 1947, 368 p. Dinars 33.

A collection of speeches and articles, mostly reprinted from *Borba*, daily Belgrade organ of the Jugoslav Communist Party, on topics connected with the Partisan movement and the new Jugoslavia, by one of its leading theoreticians and a right-hand man of Tito.

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The British Commonwealth of Nations

COMES THE RECKONING. By R. H. Bruce Lockhart. London: Putnam, 1947, 384 p. 18/.

The author of "British Agent" and other entertaining autobiographical works takes us behind the scenes in the Foreign Office during the recent war, where he served as Deputy Under-Secretary and Director-General of the Political Warfare Executive.

BRITAIN AND WORLD TRADE. New York: Macmillan (London: Political and Economic Planning), 1948, 199 p. $5.00.

A practical, Keynesian analysis of Britain's export performance before and after World War II, and an evaluation of the job yet to be done.

THE LITTLE LESS. By A. S. J. Baster. London: Methuen, 1947, 161 p. 7/6.

A blast against the restrictionist policies pursued by industry, labor and government in Britain during the last quarter century.

MIRROR OF THE PRESENT. By K. Zilliacus. London: Meridian Books, 1947, 208 p. 5/.

Remarks on "the way the world is going" by the Labor M. P. who is highly sympathetic to the Soviet point of view.

THE RISE AND FALL OF THE EX-SOCIALIST GOVERNMENT. By Christopher Hollis. London: Hollis, 1947, 131 p. 8/6.

Trenchant criticism of the policies of the present Labor Government.

THE ALTERNATIVE. By Oswald Mosley. Ramsbury: Mosley Publications, 1947, 313 p. 7/6.

After describing the failure of democratic policy in Europe, the fuehrer of British Fascism tells how he would fix things up.

THE NAVY AND DEFENCE. VOLUME II. IT MIGHT HAPPEN AGAIN. By Admiral of the Fleet Lord Chatfield. London: Heinemann, 1947, 222 p. 18/.

In this second installment of his autobiography, Lord Chatfield describes his experiences in various Navy and political offices, including those of First Sea Lord (1933–38) and Minister for the Coördination of Defense (1939–40).

AN EXPOSITION OF EMPIRE. By C. E. Carrington. New York: Cambridge University Press (Macmillan), 1948, 140 p. $1.25.

A readable, well-informed interpretation of British imperial history.

IRELAND HER OWN. By T. A. Jackson. New York: International Publishers, 1947, 443 p. $3.75.

An anti-imperialist Englishman traces the long record of Ireland's struggle for freedom, and concludes with a plea for an end to the separation of North and South.

LE CANADA ET L'ORGANISATION INTERNATIONALE DU TRAVAIL. By Jean-Pierre Després. Montreal: Fides, 1947, 273 p.

This is a brief history of the development of the I.L.O. and of its successor body under the U.N., with special attention to Canada's participation in them. Published under the auspices of the Canadian Institute of International Affairs.

AUSTRALIA. Edited by C. Hartley Grattan. Berkeley: University of California Press, 1947, 444 p. $5.00.

Chapters on various phases of life in the Commonwealth by some two dozen Australian contributors. This is a volume in Professor Kerner's "United Nations Series."

THE ECONOMIC DEVELOPMENT OF AUSTRALIA. By A. G. L. Shaw. New York: Longmans, 1947, 193 p. $2.25.

A brief historical summary.

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THE BRITISH IN ASIA. By Guy Wint. London: Faber, 1947, 224 p. 12/6.

A review of the period of British hegemony in India and Southeast Asia, a brief consideration of the rôle of Russia there, and an analysis of the situation created by Britain's withdrawal, with suggestions for preventing political chaos in that area.

INDIA DIVIDED. By Rajendra Prasad. Bombay: Hind Kitabs, 1947, 427 p. Rs. 10/8.

The author, a former President of the Congress Party, in 1947 served as a member of the Interim Government of India. His book is one of the fullest, most thoughtful and least partisan of those to appear in recent years. The facts which he marshals in great profusion prove to him the unwisdom of partition, but in an "addendum" he foresees that it will nonetheless be put into effect.

TUMULT IN INDIA. By George E. Jones. New York: Dodd, 1948, 277 p. $3.00.

A journalistic account of recent events, by a *New York Times* correspondent in India during the troubles of 1946–47.

ARE WE TWO-NATIONS? By M. S. Vairanapillai. Lahore: The Author, 1946, 316 p. Rs. 6/8.

A thoughtful, scholarly investigation, from which the author concludes that India is, and should remain, one nation.

THE POLITICAL PHILOSOPHY OF MAHATMA GANDHI. By G. N. Dhawan. Bombay: Popular Book Depôt, 1946, 354 p. Rs. 8/8.

A comprehensive analysis of the sources and nature of the Mahatma's beliefs and teachings, by a Moslem of the political science faculty at Lucknow University.

The Near East

LA CIVILISATION DU DÉSERT. By Robert Montagne. Paris: Hachette, 1947, 267 p. Fr. 210.

An informed and illustrated description of the culture, economy and socio-political organization of the Bedouins in the Arabian and Sahara Deserts.

THE COMPREHENSIVE ECONOMIC DIRECTORY OF THE MIDDLE EAST. New York: International House Publications (Tel Aviv: Economic Office for the Middle East in Palestine), 1947, 648 p. $15.00.

This directory gives evidence of the extent to which these countries have been penetrated by western economic interests.

NEREYE GIDIYORUZ? PARTILER VE IDIYOLOJILER KARŞISINDA HAKIKAT. By Yaşar Nabi. Istanbul: Varlik Yayinlari, 1948, 155 p.

An open-minded and intelligent appraisal of the influence of ideologies in Turkey today. By frankly discussing various controversial issues, the author incidentally reveals the freer political atmosphere in that country since the war.

KALIMAT AL-SŪRĪYĪN WA-AL-'ARAB FĪ MASHRŪ SŪRĪYAH AL-KUBRÁ. Dasmascus: The Authors, 1947, 193 p.

This work, prepared by a group of "educated" Arabs, deals with the project for a Greater Syria. It contains: 1, a historical introduction giving significant documents and speeches; 2, a collection of statements in regard to King Abdullah's manifesto of August 4, 1947, made by members of the Syrian parliament, as well as by various organizations, newspapers and "men in the street."

PALESTINE: STAR OR CRESCENT? By Nevill Barbour. New York: Odyssey, 1947, 310 p. $3.00.

The author lived in Palestine from 1933 to 1939, and his book appeared in England in 1946 as "Nisi Dominus." His review of the Palestine problem leans to the Arab side despite an effort to preserve objectivity.

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COOPERATIVE PALESTINE: THE STORY OF HISTADRUT. By Samuel Kurland. New York: Sharon Books, 1947, 276 p. $3.00.

What the Jewish labor organization has done to develop the Holy Land.

TWIN RIVERS. By Seton Lloyd. New York: Oxford University Press, 1947, 244 p. $3.25.

In this "brief history of 'Iraq from the earliest times to the present day," an archaeologist with the 'Iraq Department of Antiquities dwells on the ancient epoch, with only a concluding chapter on the twentieth century.

LES KURDES ET LE DROIT. By Lucien Rambout. Paris: Cerf, 1947, 160 p. Fr. 90.

Somewhat exaggerated claims on behalf of Kurd nationalism.

VIEILLE PERSE ET JEUNE IRAN. By Jérôme and Jean Tharaud. Paris: Plon, 1947, 244 p. Fr. 120.

The impressions of two French *littérateurs*.

The Far East

THE REVOLT OF ASIA. By Robert Payne. New York: Day, 1947, 305 p. $3.50.

A journalistic and sympathetic exposition of the popular forces at work today in China, India, Southeast Asia and the Indies. In general, Mr. Payne is a good reporter but he sometimes lets his enthusiasms and animosities get the better of him.

NEW CYCLE IN ASIA. Edited by Harold R. Isaacs. New York: Macmillan (for the International Secretariat, Institute of Pacific Relations), 1947, 212 p. $3.00.

Some 50 "Selected Documents on Major International Developments in the Far East, 1943–47."

THE CONSTITUTIONAL STRUCTURE OF MODERN CHINA. By W. Y. Tsao. Melbourne: Melbourne University Press, 1947, 304 p. 12/6.

The author, a man of wide political experience, places the recently inaugurated Constitution of China within its historical framework and analyzes its provisions and the philosophy that animated their adoption.

THE RUSSIANS CAME TO KOREA. By Henry Chung. Washington: Korean Pacific Press, 1947, 212 p. $3.00.

A Korean leader, relying largely on second-hand sources, paints a dark picture of affairs in the Russian Zone while suggesting improvements in the U. S. Zone.

FALLEN SUN: A REPORT ON JAPAN. By Noel F. Busch. New York: Appleton-Century-Crofts, 1948, 258 p. $2.50.

This *Life-Time-Fortune* correspondent was greatly impressed with the triumphs of MacArthur's administration in Japan, which he observed late in 1946.

LABOR PROBLEMS IN SOUTHEAST ASIA. By Virginia Thompson. New Haven: Yale University Press (for the International Secretariat, Institute of Pacific Relations), 1947, 283 p. $4.00.

A description of conditions and legislation in Burma, Malaya, Indonesia, Indo-China and Siam, with several statistical tables.

BREAD AND RICE. By Doris Rubens. New York: Thurston Macauley Associates (Arco), 1947, 235 p. $3.00.

How an American couple, protected by friendly Filipinos, lived in the hills back of Manila for many months after Pearl Harbor.

EL TERROR AMARILLO EN FILIPINAS. By Antonio Pérez de Olaguer. Barcelona: Editorial Juventud, 1947, 287 p. Ptas. 25.

The roll call of Spaniards killed by the Japs in the Philippines.

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GUAM AND ITS PEOPLE. By Laura Thompson. Princeton: Princeton University Press (in coöperation with the American Council, Institute of Pacific Relations), 1947, 367 p. $5.00.

The standard work on Guam revised to take account of events since 1941.

Africa

LE NATIONALISME MAROCAIN. By F. Taillard. Paris: Cerf, 1947, 206 p. Fr. 99.

A well-informed description of the rise and objectives of the movement, by a long-time colonial official who opposes any suggestion of French abdication in North Africa.

THE POLITICAL AND LEGISLATIVE HISTORY OF LIBERIA. By Charles Henry Huberich. New York: Central Book Co., 1947, 2 v. $30.00.

An exhaustive account of the development of Liberian political life and constitutional practices, both before and after independence, by a former legal adviser of the Liberian Government. Extensive bibliography.

MINING, COMMERCE, AND FINANCE IN NIGERIA. Edited by Margery Perham. London: Faber (for Nuffield College), 1948, 386 p. 35/.

This is the second volume in a series in which some of Britain's foremost experts on colonial problems are delving into the economic life of her most populous dependency.

SELTSAMES ABESSINIEN. By Martin Rikli. Zurich: Interverlag, 1946, 207 p. Sw. Fr. 18.50.

Experiences and observations in pre-Fascist Ethiopia, by the Emperor's court photographer, plus a concluding chapter on developments since the former's return from exile.

POURSUITE VERS LE NIL BLANC. By François Balsan. Paris: Susse, 1947, 278 p. Fr. 250.

Vivid word pictures of Ethiopia on the eve of the Fascist invasion in 1935.

SOUS LE SIGNE DU TAUREAU. By Myriam Harry. Paris: Chabassol, 1947, 318 p.

Chatty observations on a lengthy trip through southern Madagascar.

Latin America

THESE ARE THE MEXICANS. By Herbert Cerwin. New York: Reynal, 1947, 384 p. $5.00.

A popular introduction to the people, their country and their institutions.

JOURNEY TOWARD THE SUNLIGHT. By Stanley Walker. New York: Caribbean Library, 1947, 226 p. $2.75.

In this book sponsored by the Dominican Information Center, an American newspaperman stresses the material accomplishments of the Trujillo régime.

THE GOVERNMENT OF TRINIDAD AND TOBAGO. By Charles Reis. Port-of-Spain (Trinidad): Yuille, 1947, 336 p. (Toronto: Carswell, $4.50).

An example of British colonial administration.

BRAZIL. Edited by Lawrence F. Hill. Berkeley: University of California Press, 1947, 394 p. $5.00.

Chapters on the history, politics, economics, cultural life and international position of Brazil, by a panel of experts, mostly Brazilian.

WHO'S WHO IN LATIN AMERICA: PART IV: BOLIVIA, CHILE, AND PERU. Edited by Ronald Hilton. Stanford: Stanford University Press, 1947, 209 p. $2.50.

A new, greatly enlarged edition of a standard reference work.

LIKE MOONLIGHT ON SNOW: THE LIFE OF SIMON ITURRI PATIÑO. By John Hewlett. New York: McBride, 1947, 292 p. $3.50.

An unflattering portrait of the late Bolivian tin magnate.

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SOURCE MATERIAL

By Ruth Savord

I. DOCUMENTS

Documents may be procured from the following: *United States:* Superintendent of Documents, Washington 25, D. C. *Great Britain:* British Information Services, 30 Rockefeller Plaza, New York 20. *United Nations, International Court of Justice, World Health Organization, Food and Agriculture Organization, Caribbean Commission,* Columbia University Press, Int. Documents Service, 2960 Broadway, New York 27. *Int. Labor Office:* 734 Jackson Place, Washington 6, D. C. Washington imprints are Superintendent of Documents and London imprints are His Majesty's Stationery Office unless otherwise noted.

Agriculture

International yearbook of agricultural statistics, 1941–42 to 1945–46. Rome, International Institute of Agriculture, 1947. 3 v. $6.12.

The Balance sheet of agriculture, 1947. Washington, Dept. of Agriculture, 1948. 74 p. (Miscellaneous Publication No. 642.) 15¢.

Burma

The Constitution of the Union of Burma. Rangoon, Supt. Govt. Printing, 1947. 67 p.

Commercial Policy and Trade

General agreement on tariffs and trade. Lake Success, United Nations, 1947. 4 v. $5.00.

Havana charter for an International Trade Organization and final act and related documents. Washington, 1948. 77 p. (Dept. of State Publication 3117. Commercial Policy Series 113.) 25¢.

Cultural Relations

Cooperation in the Americas. Report of the Interdepartmental Committee on Scientific and Cultural Cooperation, July 1946–June 1947. Washington, 1948. 146 p. (Dept. of State Publication 2971. International Information and Cultural Series 1.) 40¢.

The United States Information Service in Europe. Report of the Committee on Foreign Relations, Senate, 80th Cong., 2nd Sess., pursuant to S.Res.161. Jan. 30, 1948. Washington, 1948. 2 pts. (S.Rept.855.)

Economic Conditions

Economic development in selected countries; plans, programmes and agencies. Lake Success, United Nations Dept. of Economic Affairs, 1947. 286 p. (1948.IIB.1.) $3.00.

Economic report; salient features of the world economic situation 1945–47. Lake Success, United Nations, Dept. of Economic Affairs, 1948. 354 p. (1948.IIC.1.) $2.50.

Far East

Food and agricultural data for selected Far East countries. Washington, Dept. of Agriculture, 1947. 46 p.

South Seas Commission Conference, Canberra, 26th January – 6th February, 1947. Proceedings. Canberra, Commonwealth Government Printer, 1947. 90 p.

Financial Policy and Exchange

Foreign assets and liabilities of the United States and its balance of international transactions. A report to the Senate Committee on Finance by the National Advisory Council on International Monetary and Financial Problems. Washington, 1948. 177 p.

International transactions of the United States during the war, 1940–45. Washington, Dept. of Commerce, 1948. 227 p. (Economic Series No. 65.) 60¢.

Italy

Costituzione della Repubblica Italiana; testo definitivo. Roma, Colombo, 1947. 88 p. L.200.

Labor

International Labour Conference, 31st session, San Francisco, 1948. Reports. Geneva, International Labour Office, 1947.

Reports prepared for the Sixth International Conference of Labour Statisticians (Montreal, 4–12 August 1947.) Geneva, International Labour Office, 1947–1948. (Studies and Reports: New Series 7, pts. 1–3.)

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Inter-American peace system; definitive project submitted by the Inter-American Juridical Committee to the consideration of the Ninth International Conference of American States at Bogotá. [Washington, Pan American Union, 1948] 10 p.

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PROJECT of basic agreement for inter-American economic cooperation. Washington, Pan American Union, 1948. 21 p.

PROJECT of organic pact of the Inter-American System. Washington, Pan American Union, 1948. 19 p.

SELECTED economic data on the Latin American Republics, prepared for the information of the Delegates to the Ninth International Conference of American States. Washington, Pan American Union, 1948. 152 p. $1.00.

SOVEREIGNTY and interdependence in the new world; comments on the Inter-American System. Washington, 1948. 30 p. (Dept. of State Publication 3054. Inter-American Series 35.)

THE CHILEAN Development Corporation, by Herman Finer. Montreal, International Labour Office, 1947. 83 p. (Studies and Reports: New Series 5.) 50¢.

NETHERLANDS EAST INDIES

WORK of the United Nations Good Offices Committee in Indonesia. Washington, 1948. 14 p. (Dept. of State Publication 3108. International Organization and Conference Series III, 4.)

PEACE NEGOTIATIONS

PARIS Peace Conference, 1946; selected documents. Washington, 1948. 1442 p. (Dept. of State Publication 2868. Conference Series 103.) $6.00.

REFUGEES

PERMITTING admission of 400,000 displaced persons into the United States. Hearings before Subcommittee on Immigration and Naturalization of the Committee on the Judiciary, House, 80th Cong., 1st Sess., on H.R.2910. June 4–July 18, 1947. Washington, 1947. 693 p. $1.50.

DISPLACED persons and the International Refugee Organization. Report of a Special Subcommittee of the Committee on Foreign Affairs, House, 80th Cong., 1st Sess. Washington, 1947. 88 p.

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RELIEF AND REHABILITATION

PRELIMINARY reports of the Select-Committee on Foreign Aid (Herter Committee), House, 80th Cong., 2nd Sess., pursuant to H.Res.296. Washington, 1947–48.

1. The Italian crisis and interim aid. 14 p. *2.* The French crisis and interim aid. 20 p. *3.* Grain requirements and availabilities (except rice) 10 p. *4.* Fertilizer requirements and availabilities (Western Europe) 10 p. *5.* Petroleum requirements and availabilities. 8 p. *6.* United States steel requirements and availabilities. 13 p. *7.* Coal requirements and availabilities. 12 p. *8.* Proposed principles and organization for any program of foreign aid. 12 p. *9.* Break-down of European requirements by major categories. 13 p. *10.* Foreign aid and exhaustion of natural resources in relation to a stockpiling program. 11 p. *11.* Comparative analysis of suggested plans of foreign aid. 33 p. *12.* Report on Greece. 12 p. *12., suppl.* Status of funds for assistance to Greece under Public Law 75. 6 p. *13.* Report on Germany. 6 p. *14.* What Western Europe can do for itself. 24 p. *15.* Inflation and methods of financing any foreign aid program. 29 p. *16.* Governmental control powers affecting the foreign-aid program. 43 p. *17.* Transportation as it affects the European Recovery Program. 61 p. *18.* Report on the United Kingdom. 22 p. *19.* Selected machinery and equipment in the proposed foreign aid program. 10 p. *20.* The East European economy in relation to the European Recovery Program. 77 p. *21.* Report on Trieste. 8 p. *22.* Present functions and organization of United States and international agencies related to a program of foreign aid and recovery. 96 p. *23.* Latin America and the European Recovery Program. 19 p.

EUROPEAN interim aid and government and relief in occupied areas. Hearings before the Committee on Appropriations, Senate, 80th Cong., 1st Sess. Nov. 24–Dec. 12, 1947. Washington, 1947. 914 p.

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——. Report, Feb. 26, 1948. Washington, 1948. 69 p. (S.Rept.935.)

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ADMINISTRATION of United States aid for a European Recovery Program. Report to the Committee on Foreign Relations, Senate, 80th Cong., 2nd Sess. Submitted . . . by the Brookings Institution, Jan. 22, 1948. Washington, 1948. 20 p.

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COUNTRIES participating in the European Recovery Program; the role of ERP countries in European recovery . . . Feb. 6, 1948. Washington, 1948. 40 p.

COMMITTEE of European Economic Cooperation. Report of the Committee on Payments Agree-

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TEXT of proposed China Aid Bill and background information on economic assistance program for China, submitted by the Dept. of State to the Committee on Foreign Affairs, House, 80th Cong., 2nd Sess. Feb. 20, 1948. Washington, 1948. 54 p.

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RUSSIA

NAZI-SOVIET relations, 1939–1941. Washington, 1948. 362 p. (Dept. of State Publication 3023.) $1.00.

SOVIET supply protocols. Washington, 1947. 156 p. (Dept. of State Publication 2759. European Series 22.) 35¢.

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DEVELOPMENT and control of atomic energy. Report from the Joint Committee on Atomic Energy, Senate, 80th Cong. 2nd Sess., pursuant to Public Law 585 (79th Cong.) Jan. 30, 1948. Washington, 1948. 9 p. (S.Rept.850.)

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PLANTS and part plants listed for reparations from United States and United Kingdom Zones (of Germany). Committee on Foreign Affairs, House, 80th Cong., 1st Sess. Washington, 1947. 44 p.

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REPORT of the Federal Trade Commission on the copper industry. Washington, 1947. 420 p. $1.25.

WORLD chemical developments 1940–46, Part I. Washington, 1947. 106 p. (Dept. of Commerce. Industrial Series 75.) 30¢.

EUROPEAN Coal Organization 1945 to 1947; brief description and history. London, 1948. 93 p.

UNITED NATIONS AGENCIES

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The Editors.

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THE RESPONSIBILITY OF MANAGEMENT IN THE BELL SYSTEM

It used to be that the owners of practically every business were themselves the managers of the business. Today, as far as large businesses are concerned, a profound change has taken place. In the Bell System, for instance, employee management, up from the ranks, and not owner management, is responsible for running the business.

This management has been trained for its job in the American ideal of respect for the individual and equal opportunity for each to develop his talents to the fullest. A little thought will bring out the important significance of these facts.

Management is, of course, vitally interested in the success of the enterprise it manages, for if it doesn't succeed, it will lose its job.

So far as the Bell System is concerned, the success of the enterprise depends upon the ability of management to carry on an essential nationwide telephone service in the public interest.

This responsibility requires that management act as a trustee for the interest of all concerned: the millions of telephone users, the hundreds of thousands of employees, and the hundreds of thousands of stockholders. Management necessarily must do the best it can to reconcile the interests of these groups.

Of course, management is not infallible; but, with its intimate knowledge of all the factors, management is in a better position than anybody else to consider intelligently and act equitably for each of these groups—and in the Bell System there is every incentive for it to wish to do so.

Certainly in the Bell System there is no reason either to underpay labor or overcharge customers in order to increase the "private profits of private employers," for its profits are limited by regulation. In fact, there is no reason whatever for management to exploit or to favor any one of the three great groups as against the others and to do so would be plain stupid on the part of management.

* * *

The business cannot succeed in the long run without well-paid employees with good working conditions, without adequate returns to investors who have put their savings in the enterprise, and without reasonable prices to the customers who buy its services. On the whole these conditions have been well-met over the years in the Bell System.

Admittedly, this has not been and is not an easy problem to solve fairly for all concerned. However, collective bargaining with labor means that labor's point of view is forcibly presented. What the investor must have is determined quite definitely by what is required to attract the needed additional capital, which can only be obtained in competition with other industries.

And in our regulated business, management has the responsibility—together with regulatory authorities—to see to it that the rates to the public are such as to assure the money, credit and plant that will give the best possible telephone service at all times.

More and better telephone service at a cost as low as fair treatment of employees and a reasonable return to stockholders will permit is the aim and the responsibility of management in the Bell System.

Walter S. Gifford

WALTER S. GIFFORD, *President*
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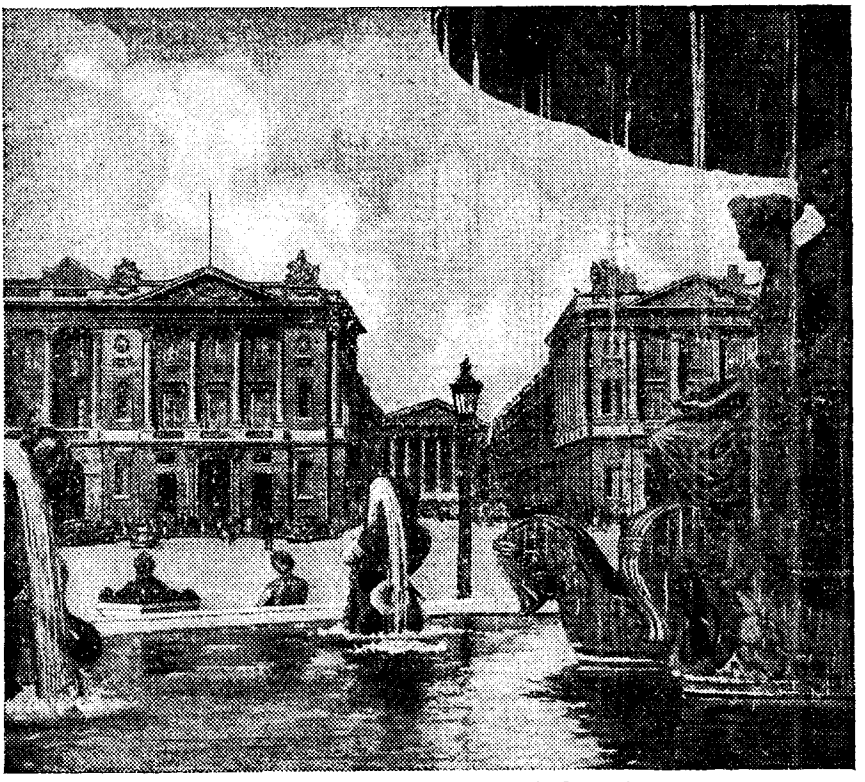

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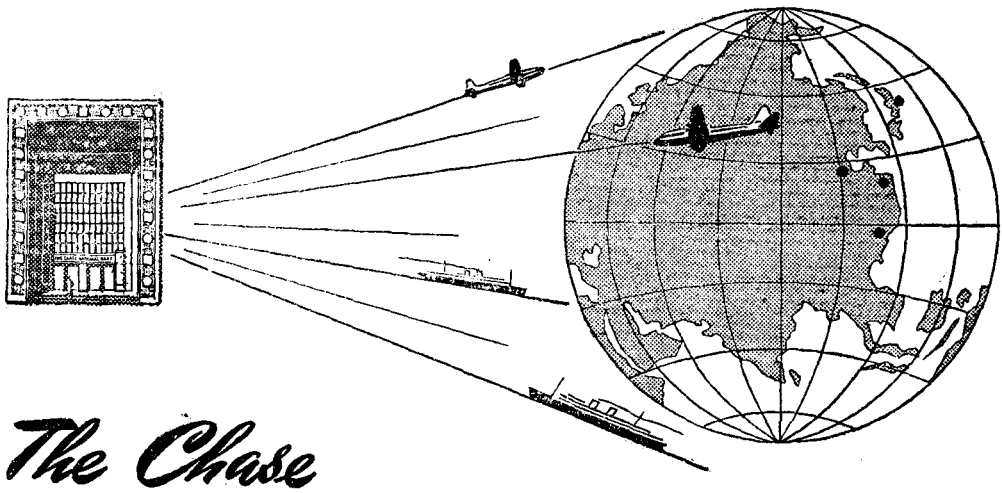

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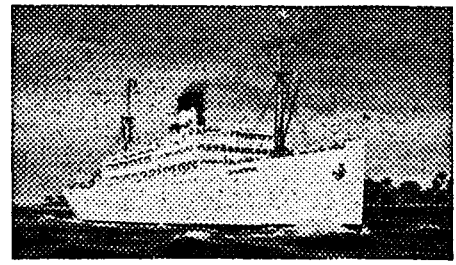

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